

1 POWER AUTHORITY OF THE STATE OF NEW YORK

2
3 PUBLIC HEARING

4 Thursday, July 15, 2010 - 2:00 P.M.

5
6 Niagara Power Project
7 Lewiston, New York

8 CONTRACTS FOR SALE OF HYDROPOWER TO 106 WESTERN
9 NEW YORK BUSINESSES

10
11 Public hearing held at the Niagara
12 Power Project, Community Room, Lewiston, New York,
13 on July 15, 2010 commencing at 2:00 P.M.
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1 REPORTED BY: BUYERS & KACZOR REPORTING SERVICES,
2 BY: MICHELLE R. KWIATEK,
3 1400 Rand Building,
Buffalo, New York 14203,
(716) 852-2223.

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

7 Also Present: James Pasquale,
8 Senior Vice President for Marketing
and Economic Development at the
9 New York Power Authority.

10 Mary Jean Frank,
Associate Corporate Secretary.

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1 KAREN DELINCE: Good
2 afternoon. My name is Karen Delince, and I am the
3 Corporate Secretary of the New York Power Authority.

4 This public hearing is being
5 conducted by the Power Authority to provide an
6 overview and receive public comment on proposed
7 contracts with 106 businesses located within thirty
8 miles of the Niagara Power Project, and in
9 Chautauqua County for the sale of five hundred
10 seventy-five thousand one hundred seventy-two
11 kilowatts of Replacement Power and Expansion Power.

12 Pursuant to Section 1009,
13 subsection 1, of the Public Authorities Law, notice
14 of this hearing was published once a week for the
15 four weeks leading up to the hearing in the
16 following nine newspapers: the Niagara Gazette, the
17 Buffalo News, Buffalo Business First, the Lewiston
18 Porter Sentinel, the Dunkirk Observer, the East
19 Aurora Bee, the Orchard Park Bee, the Albany Times
20 Union and Newsday.

21 During the thirty-day period prior
22 to today's hearing, copies of the proposed contract
23 and service tariff have been available for
24 inspection at the Authority's office in White
25 Plains, as well as on the Authority's Web site.

1 Also pursuant to Section 1009,
2 subsection 1, of the Public Authorities Law, notice
3 of this hearing and copies of the proposed contract
4 and service tariff were sent to the following
5 elected officials: Governor David Paterson;
6 President Pro Tem of the New York State Senate,
7 Malcolm Smith; Speaker of the Assembly, Sheldon
8 Silver; Chairman of the Senate Finance Committee,
9 Carl Kruger; Chairman of the Assembly Ways and Means
10 Committee, Herman Farrell; State Minority Leader,
11 Dean Skelos, and Assembly Minority Leader, Brian
12 Kolb.

13 I ask now that you please sign in,
14 if you haven't already done so, whether or not you
15 will be giving a statement. And we ask that you
16 give copies of any written statements to the
17 reporter, as well as to Ms. Frank at the sign-in
18 desk, before you deliver your remarks.

19 Your written statements, which may
20 be of whatever length you'd like, will appear in the
21 record of the hearing in addition to your oral
22 remarks. So we do ask that you please try to limit
23 your oral presentation to five minutes or less, if
24 possible, given that we have a large number of
25 people who would like to present statements. I will

1 give each speaker a five -- a four-minute warning
2 before the five minutes are up.

3 Now, the record of this hearing
4 will remain open through tomorrow, Friday, July
5 16th, 2010 at five P.M. for the submission of any
6 additional comments or statements. These additional
7 submissions should be addressed to The New York
8 Power Authority's Corporate Secretary at 123 Main
9 Street, 11-P, White Plains, New York 10601; or it
10 may be faxed to (914)390-8040; or e-mailed to
11 secretarys dot office at nypa dot gov. And if you
12 have any additional questions, please see Ms. Frank
13 or Ms. Graves at the front desk.

14 The Trustees of the Authority will
15 review a complete transcript of the hearing, along
16 with all of the written submissions. The transcript
17 will also be made available for your review on the
18 Authority's Web site, and at the Authority's office
19 in White Plains.

20 At this point, I will turn this
21 over to James Pasquale, the Senior Vice President
22 for Marketing and Economic Development at the New
23 York Power Authority. He will provide additional
24 details on the proposed contracts. After Mr.
25 Pasquale's statement, I will then call on speakers.

1 JAMES PASQUALE: Thank you,
2 Karen.

3 Good afternoon. My name is James
4 Pasquale. I am the Senior Vice President for
5 Marketing and Economic Development at the Power
6 Authority. I am here today to present an overview
7 of a proposed contract with 106 businesses located
8 within thirty miles of the Niagara Power Project and
9 in Chautauqua County for the sale of five hundred
10 seventy-five thousand one hundred seventy-two
11 kilowatts of Authority Replacement Power and
12 Expansion Power.

13 Under the Public Authorities Law
14 Section 1005, subsection 13, the Authority may
15 allocate, directly or by sale for resale, two
16 hundred fifty megawatts of firm hydroelectric power
17 as Expansion Power, and four hundred forty-five
18 megawatts of firm hydroelectric power as Replacement
19 Power, to businesses located within thirty miles of
20 the Niagara Power Project, provided that the amount
21 of Expansion Power allocated to businesses in
22 Chautauqua County on January 1st, 1987 shall
23 continue to be allocated in such county. Currently,
24 the majority of existing Replacement Power and
25 Expansion Power allocations will expire in the 2012-

1 2013 time frame.

2 An initiative to provide
3 hydropower contract extensions for Western New York
4 businesses began in early 2009 in response to
5 customers' recurring requests for long-term supply
6 commitments beyond the current terms of their
7 contracts. The initiative culminated in the
8 development of a contract extension offer by the
9 Authority to provide a long-term supply commitment
10 to facilitate the customers' long-term planning and
11 investment strategies for their Western New York
12 facilities.

13 Authority staff evaluated all
14 existing Replacement Power and Expansion Power
15 contract allocations with the intent of offering
16 customers extended terms of service beyond their
17 current expiration dates. The Authority, with the
18 assistance of the Empire State Development
19 Corporation, developed a Hydropower Contract
20 Extension Request Form, through which it solicited
21 information from each customer regarding jobs, wages
22 and benefits, current and future capital investment
23 plans, contracts with New York State vendors, and
24 other relevant considerations. All customers were
25 required to complete the request form in order to be

1 considered for a contract extension. An Empire
2 State Development's cost benefits model was used as
3 one component of the evaluation process. Authority
4 staff also used the Center for Governmental Research
5 as a consultant to assist with the evaluation.

6 Authority staff's evaluation
7 focused on three general criteria: jobs, public
8 benefit, and private benefit. Within each general
9 criterion there were several specific measures, such
10 as jobs per megawatt allocated, net public benefit
11 per job, and the importance of power to a company's
12 decision to be located in Western New York.

13 Authority staff used Empire State Development's
14 model outputs and Center for Governmental Research
15 expertise to develop a weighted ranking method
16 across measures. The results showed that the
17 customers, which represent a diverse spectrum of
18 industries, bring valuable benefits to New York
19 State in return for the hydropower allocations.

20 Two of the major features of the
21 proposed contract extensions are the additional
22 commitments and enhanced compliance criteria. For
23 the first time, the proposed agreements include
24 annual capital investment commitments during the
25 life of the contract. Specifically, customers will

1 commit to investing at least ninety percent of a
2 historic average capital spending amount each year
3 to ensure that they are investing in their Western
4 New York facilities. Also, the job commitment
5 threshold will be standardized to ninety percent of
6 base employment levels for all allocations, from
7 eighty percent for certain older allocations. The
8 Authority will continue to have the right to reduce
9 or terminate a customer's allocation if a customer's
10 job commitment, power utilization and annual capital
11 investment criteria are not met. Lastly, the
12 agreements require the customers to undergo energy
13 efficiency audits on a periodic basis.

14 Authority staff sent the proposed
15 contract extensions to each customer for their
16 review in March. The customers were also provided
17 with, and asked to sign, a letter of acknowledgment,
18 indicating that they agree and understand: one, the
19 rates, terms and conditions of the contract
20 extensions; two, the contracts are subject to New
21 York Power Authority's statutory public hearing
22 process, and that the customers will execute a
23 contract extension in substantially similar form at
24 the conclusion of the public hearing process, and
25 upon final approval by the Governor.

1 Of the 108 customers that were
2 offered an extension, 106 customers have signed the
3 letter of acknowledgment. The two customers that
4 did not sign the letter have decided for various
5 business reasons not to accept the extension offer,
6 and their allocations will expire on their original
7 expiration dates.

8 Authority staff proposes that 185
9 allocations be extended, comprising of 85 Expansion
10 Power allocations, totalling two hundred five
11 thousand seven hundred seventy-five kilowatts, and
12 100 Replacement Power allocations totalling three
13 hundred sixty-nine thousand three hundred ninety-
14 seven kilowatts. Because some customers have
15 multiple allocations, the Authority's contract
16 extension offer will be made to 106 customers. Of
17 these 106 customers, 104 customers have been offered
18 an extension of seven years. Two customers have
19 been offered an extension of fifteen years, in light
20 of their commitment to make extraordinary additional
21 capital investments in their Western New York
22 facilities.

23 In total, the customers agreeing
24 to accept the Authority's contract extension have
25 committed to retain and/or create twenty-eight

1 thousand four hundred seventy-two jobs in the State
2 of New York. As mentioned earlier, the contract
3 requires that customers meet a historic baseline of
4 capital investment spending, that will ensure they
5 are doing what is necessary to maintain and improve
6 their facilities in New York State from 2013 through
7 the extension period. Under this new capital
8 expenditure commitment, customers have agreed to
9 spend approximately one hundred fifty million
10 dollars on ongoing capital investment each year.
11 Prior to this contract extension, the commitment to
12 capital investment was only necessary when the
13 allocation was first awarded. This new capital
14 investment commitment, along with job commitments,
15 provides a major benefit to New York State in return
16 for the hydropower.

17 The contracts are subject to a
18 public hearing and approval by the Governor, as set
19 forth in Section 1009 of the Public Authorities Law.

20 As Ms. Delince stated earlier, the
21 Power Authority will accept your comments on the
22 proposed contracts until the close of business
23 tomorrow, Friday, July 16th, 2010. I will now turn
24 the forum back over to Ms. Delince.

25 KAREN DELINCE: Thank you, Mr.

1 Pasquale. Okay. I will now call on people who wish
2 to make an oral statement one by one. When I call
3 your name, please come up to the podium, and prior
4 to making your statement, I ask that you state your
5 complete name, your title, and who you represent for
6 the record. We are starting with the Honorable
7 Richard Updegrave.

8 RICHARD UPDEGROVE: Good
9 afternoon. I am Richard Updegrave. I am Chairman
10 of the Economic Development Committee for the
11 Niagara County Legislature. I am here on behalf of
12 the committee, and I thank you for this opportunity
13 to speak this afternoon.

14 The committee supports the
15 extension of hydropower contracts to the New York
16 Power Authority's Replacement and Expansion Power
17 customers.

18 Nearly eleven thousand people are
19 employed in the manufacturing sector in Niagara
20 County. According to the latest County Business
21 Patterns report from the United States Census
22 Bureau, the two hundred seventy-two manufacturing
23 establishments in Niagara County have an annual
24 payroll of over five hundred forty-two million
25 dollars. This is by far the largest annual payroll

1 of any other sector of the Niagara County economy,
2 and it represents good, family-supporting jobs.
3 Many of these people are employed at companies that
4 receive either Replacement or Expansion Power
5 allocations from the New York Power Authority. And
6 over one hundred twenty companies that pay good,
7 family-supporting wages, and are located within the
8 thirty mile radius of the Niagara Power Project in
9 Lewiston receive Replacement or Expansion Power
10 allocations. These hydropower allocations are tied
11 to support thirty- two thousand six hundred jobs in
12 this region. It's estimated that the total economic
13 impact of these companies is in excess of one
14 billion dollars in wages, property taxes and
15 spin-off jobs. These jobs would be in jeopardy if
16 these companies were to lose these low-cost
17 hydropower allocations.

18 Finally, the U.B. Regional
19 Institute produced a very interesting policy brief
20 on the regional economy. That brief spoke to how
21 economic data could be very misleading at times,
22 especially when looking at the manufacturing sector,
23 which has seen a sixty-one percent decline in jobs
24 from 1970 to 2005. That's why in 2007, the U.S.
25 Bureau of Economic Analysis provided an important

1 supplement to employment data by releasing gross
2 domestic product estimates for metropolitan areas,
3 showing the market value of all goods and services
4 produced within them. When you look at the
5 employment numbers and the GDP numbers side by side,
6 they tell an interesting story. Despite shedding
7 seventeen percent of its jobs between 2001 and 2005,
8 our region's manufacturing sector actually expanded
9 its total output by three point five percent when
10 adjusted for inflation. And while the data
11 indicates that the manufacturing sector represented
12 only one-tenth of the region's job pool in 2005, it
13 comprised twenty percent of total output.

14 Manufacturing will always be a key
15 part of the Niagara County and our regional economy.
16 And again, we would urge the Power Authority and
17 Governor Paterson to approve the extension of
18 hydropower contracts to the New York Power
19 Authority's Replacement and Expansion Power
20 customers.

21 Thanks for your time, I appreciate
22 it.

23 KAREN DELINCE: Next we have
24 Brian Vain.

25 BRIAN VAIN: Good

1 afternoon. I am Brian Vain, and I am the Plant
2 Manager of the Olin Chlor Alkali Products facility
3 in Niagara Falls, and with me is Dan Hubbard,
4 co-worker and plant operator, as well as president
5 of the United Steelworkers Local 4-0598.

6 We are delighted to be here today
7 to support the New York State Power Authority's
8 proposal to extend contracts for Replacement and
9 Expansion Power customers. These contracts play an
10 absolutely vital role in our continuing ability to
11 operate a successful business enterprise here in
12 Western New York.

13 Olin Niagara Falls manufactures
14 chlorine, caustic soda, bleach, hydrochloric acid,
15 and hydrogen. Our products are essential for the
16 production of solar panels, an important component
17 of a renewable energy portfolio. Our building block
18 chemicals are used in more than ninety percent of
19 all pharmaceuticals, in plastics, in water
20 treatment, and in many other products that people
21 use every day.

22 Chlor alkali production, by its
23 very nature, is clean chemistry. Our only raw
24 materials are brine solution, in layman's terms,
25 salt water and electricity, but a lot of our process

1 is chemical process. So electricity is truly a raw
2 material for us, it's not just about lighting and
3 motors. Manufacturing doesn't get much simpler or
4 cleaner. Our plant produces essentially zero waste.
5 The byproduct of our process, hydrogen, is used as
6 an alternative fuel source in our site boilers to
7 produce steam for our site, and also to supply other
8 local manufacturers with hydrogen.

9 The benefits of our products to
10 society extend far beyond the boundaries of our
11 plant. We supply raw materials that many other
12 businesses in the state depend upon to manufacture
13 products for their customers. So the economic
14 benefits multiply and accrue throughout the state.

15 Let me share with you some
16 additional metrics that demonstrate our value to the
17 people of New York and the residents of our local
18 community: we maintain an annual payroll of
19 nineteen million dollars, providing high-paying jobs
20 to about two hundred full-time employees and
21 contract workers; we pay over four hundred fifty
22 thousand dollars in annual property taxes; we
23 purchase about thirty-eight million dollars yearly
24 in local goods and services. This financial impact
25 is multiplied by the sales, income and real estate

1 taxes paid by our employees.

2 We have been manufacturing in
3 Niagara Falls for more than one hundred years, and
4 we continue to invest in new facilities and capital
5 projects that will allow us to operate our state-of-
6 the-art facility well into the future. The long-
7 term supply of hydropower is critical for us to
8 remain competitive in a global economy.

9 We respectfully ask you to extend
10 our contracts so we can continue to be a significant
11 contributor in the region and the state. And with
12 that, I would like to introduce Dan Hubbard.

13 DAN HUBBARD: Thank you,
14 Brian. My name is Dan Hubbard. On behalf of my
15 union, United Steelworkers Local 4-0598, I am
16 extremely pleased to see these discussions continue,
17 and I appreciate the efforts of Mr. Richard Kessel,
18 and other New York Power Authority staff members,
19 working on these important contracts. We hope to
20 see the contracts made final in the near future so
21 that highly-skilled, family-wage jobs in Western New
22 York can be preserved.

23 The past decade has been
24 challenging for the manufacturing sector in Western
25 New York, and in most of the northeastern United

1 States. Industrial jobs have dwindled.
2 Fortunately, our plant has been able to resist these
3 economic forces and has prospered, although not
4 without a great deal of management and labor
5 attention and belt-tightening. We now look
6 optimistically to the future.

7 Olin's plant in Niagara Falls
8 creates jobs not only for my union's members, but
9 for others as well. Union contractors, such as
10 electricians, pipe fitters and welders also work at
11 our site. A variety of local service providers,
12 from food vendors to cleaning services, also depend
13 on Olin for their business. It is essential to the
14 economy of Western New York that Olin's operation
15 and other manufacturing facilities in the area be
16 supported by extending the energy contracts that
17 make them viable.

18 On behalf of the members of the
19 United Steelworkers Local 4-0598, Olin, and the
20 region, I urge that the contract extensions be
21 approved. Thank you.

22 KAREN DELINCE: Thank you.

23 Next we have Charlie Gangarossa.

24 DAVID BUZO: Good

25 afternoon. My name is David Buzo, and I am the

1 Plant Manager at the Ford Buffalo Stamping Plant.
2 I'm here in partnership with our UAW President,
3 Charlie Gangarossa in support of hydropower contract
4 extensions.

5 As you are well aware, the
6 automotive industry has gone through a dramatic and
7 largely unprecedented transformation. The downturn
8 in the economy, fierce global competition, and
9 changes in business models has had a significant
10 impact on the way automakers do business. The
11 structure that has endured for nearly eighty years
12 is no longer viable. During this difficult time,
13 Ford has been able to adjust and make a successful
14 transformation. Buffalo Stamping Plant is an
15 integral part of Ford's transformation to compete
16 and become profitable in an integrated global
17 market. Ford Motor Company has invested millions in
18 the Buffalo Stamping Plant over the last five years
19 to bring new product to our facility.

20 The Buffalo Stamping Plant
21 manufactures metal stampings and welded sub-
22 assemblies for Ford Motor Company's automotive car
23 and truck assembly plants in North America and South
24 America. The facility opened in 1950 with over one
25 point two million square feet of working floor

1 space. We have had six major expansions, and the
2 facility is now over two point five million square
3 feet, or fifty-three point three acres of floor
4 space.

5 Our facility processes over twenty
6 thousand tons of steel each month, and ships an
7 average of six hundred fifty rail cars, and three
8 hundred sixty trucks of manufactured parts to our
9 customers monthly. The facility has eighteen major
10 press stamping lines, including several transfer
11 presses, which include some of the world's largest.
12 Two of those large transfer presses are state-
13 of-the-art Schuler Presses.

14 Every kilowatt is critical to
15 remain competitive in an ever-changing global arena.
16 The importance of hydropower to our plant's economic
17 viability cannot be overstated. The economic impact
18 affects the overall Western New York economy. For
19 each job that we retain, there are numerous other
20 jobs supported in the local economy.

21 We strongly support the hydropower
22 contract extensions.

23 CHARLES GANGAROSSA: Good
24 afternoon. My name is Charles Gangarossa. I am the
25 President and Chairman of UAW Local 897 at the Ford

1 Buffalo Stamping Plant.

2 In addition to what my plant
3 manager has mentioned, Buffalo Stamping Plant has
4 taken significant action in energy efficiency and
5 environmental projects in both gas and electric
6 conservation. We recently completed four
7 significant facility improvement measures that have
8 reduced our energy consumption by over ten percent;
9 including a major lighting conservation measure.

10 Ford Buffalo Stamping Plant is
11 vital to the state and local community, and the
12 continued availability of hydropower is essential to
13 the long-term commitment of Ford to Western New
14 York. Affordable power allows Buffalo Stamping
15 Plant the opportunity to invest additional money
16 into efficiency and productivity projects, to become
17 more competitive, and to invest in training.

18 The key to securing jobs is to
19 keep investment coming into the Buffalo plant.
20 Hydropower differentiates us from other Ford
21 stamping locations when the company is making
22 sourcing decisions.

23 We strongly support the hydropower
24 contract extensions.

25 And on behalf of Local 897 and

1 Ford Motor Company, thank you very much for the
2 opportunity to speak with you today. Thank you.

3 KAREN DELINCE: Thank you.

4 Next we have State Senator Bill Stachowski.

5 SENATOR STACHOWSKI: Good
6 afternoon. I'm here also to join in the chorus of
7 renewing the Expansion and Replacement Power
8 contracts in this area.

9 We have a lot of companies that
10 provide good-paying jobs for families to live on,
11 and we believe that there will be growth in these if
12 we continue these contracts. I know that there are
13 some bills floating in Albany, and you have seen
14 what they are. The interesting part of the bills is
15 they combine all these programs and add in new
16 sources of power, and it doesn't add up. You take
17 all the Replacement Power, add it to the existing
18 programs, and come out with the same total of power
19 as you had without the Replacement Power.

20 So the interesting thing there is,
21 what happens to that other power? And if somebody
22 can send me a note on that after the hearing, I
23 figured I would toss that question back to you so
24 you can let me know what happens to that other
25 power.

1 We, as I said, provide good-
2 paying jobs, and in essence, that's the extent of my
3 comments. I try to keep them brief and to the
4 point, that's the point.

5 JAMES PASQUALE: Thank you,
6 Senator.

7 KAREN DELINCE: Thank you. We
8 have Thomas Krol.

9 THOMAS KROL: Good
10 afternoon. My name is Tom Krol, and I am General
11 Counsel of Steuben Foods. Steuben Foods is a
12 privately-owned company that has a state-of-the-art
13 food and beverage processing facility in Elma, New
14 York. We are truly a New York company. I am here
15 today to support the proposed extensions of the
16 Replacement and Expansion Power contracts.

17 The Steuben Foods facility in Elma
18 depends upon hydropower from the Niagara Project,
19 and it has since the Elma plant began production
20 twenty-five years ago. In 1984, Steuben Foods broke
21 ground on its facility in Elma, bringing economic
22 life to an empty shell of a manufacturing structure
23 that the Western Electric Company had abandoned ten
24 years earlier. When Steuben's plant first opened,
25 it consumed one hundred seventy-two thousand square

1 feet of the structure. Since that time, it has
2 grown to three hundred thousand square feet as
3 Steuben continued to invest steadily and heavily in
4 new processing technologies and packaging capacity.
5 Today, our facility is a state-of-the-art food and
6 beverage processing plant that packages extended
7 shelf life and aseptic dairy and soy-based drinks,
8 puddings and broths, and an array of other products
9 under a wide range of brand names and store labels.
10 Our business partners are household names, whose
11 products can be found in stores here in Western New
12 York and around all of North America.

13 Our key business partners share
14 our commitment to excellence and sustainability in
15 manufacturing. For example, WhiteWave Foods, the
16 parent of Horizon Organic milk and a key business
17 partner, is a pioneer in creating healthy,
18 innovative, responsibly-produced foods, and is
19 committed to sustainable business practices.
20 WhiteWave fully believes in the importance of
21 integrating sustainability into business practices,
22 and continually looks for ways to minimize its
23 environmental footprint, including: supporting
24 organic agriculture, offsetting energy and water
25 usage with renewable wind energy, supporting

1 alternative transportation, and encouraging earth-
2 friendly packaging innovation.

3 The Steuben Foods plant is an
4 important economic driver in the region. We employ
5 four hundred fifty men and women in manufacturing,
6 technical, mechanical and managerial positions. The
7 average compensation for these jobs is over fifty-
8 eight thousand dollars.

9 And Steuben Foods and its
10 employees are involved with local charities, like
11 the Food Bank of Western New York and United Way.

12 Steuben Foods also purchases
13 millions of pounds of milk from New York State
14 farmers. We process over two hundred million pounds
15 of organic milk annually, seventy-five percent of
16 which comes from New York dairy farmers and
17 cooperatives. That translates into four thousand
18 two hundred fifty tankers of milk annually, and
19 payments of fifty-five million dollars to New York's
20 dairy farmers.

21 In addition, we are a significant
22 purchaser of goods and services from local
23 contractors and suppliers. We purchase many of our
24 key inputs, such as raw materials and packaging,
25 from vendors located in New York State. In addition

1 to direct materials that come from New York State
2 vendors, many of our contractors for facility
3 maintenance, repair and expansion work are Western
4 New York companies.

5 Steuben Foods is also a clean and
6 green high-technology manufacturer. Low-acid
7 aseptic packaging is an inherently clean process,
8 requiring that all processing and packaging occur in
9 a clean environment. Further, aseptic packages are
10 fully recyclable, which makes aseptic food
11 processing and packaging one of the greenest
12 manufacturing options currently in operation.
13 Finally, the Elma plant operates entirely on
14 renewable energy through an eight point seven five
15 megawatt hydropower allocation.

16 Steuben Foods is planning an
17 exciting major expansion at the Elma facility. We
18 will add an aseptic plastic bottling line, new high-
19 speed tetra fillers, and bag-in-box lines that will
20 increase the facility's production capacity by about
21 fifty percent. Between now and 2013, Steuben Foods
22 has committed to an investment of over fifty million
23 dollars in the plant. It will add approximately one
24 hundred thousand square feet to the plant and will
25 result in a hundred and fifty new jobs.

1 But in order for the expansion to
2 move forward, Steuben Foods needs the assurance of a
3 long-term supply of New York Power Authority
4 hydropower. That is why I'm here today. The
5 proposed Expansion Power contract extension would
6 make the hydropower available to Steuben Foods at
7 least through 2028, which is perhaps the most
8 important factor in the expansion of the Steuben
9 Foods facility. Investing over fifty million
10 dollars in the plant without the security of
11 hydropower for that period doesn't make economic
12 sense.

13 On behalf of Steuben Foods and its
14 employees, I urge the New York Power Authority
15 Trustees and the Governor to approve the contract
16 extensions. Thank you.

17 KAREN DELINCE: Thank you.
18 Henry Saenz.

19 HENRY SAENZ: Good
20 afternoon. I am Henry Saenz, President of the
21 Niagara Hooker Employee Union, or NHEU, an
22 independent union that represents the hourly workers
23 at Occidental Chemical Corporation's Niagara Falls
24 plant. I am a cell renewal operator at the plant,
25 and have worked there for twenty-two years. I am

1 proud to tell you that our employees are active
2 members of the Western New York communities where we
3 live.

4 I am here today on behalf of the
5 NHEU's members to support the New York Power
6 Authority's decision to approve contract extensions
7 for current allocations of industrial hydropower
8 from the Niagara Project.

9 This hydropower is the lifeblood
10 of our energy-intensive chemical manufacturing
11 process, and we use the power responsibly to make
12 important chemical products that are used in the
13 manufacturing of products we use every day. We are
14 proud of the joint efforts of management and labor
15 at the Niagara Plant to maintain and continuously
16 improve the energy efficiency of our process, to
17 protect the safety and health of our employees and
18 the community, and to safeguard the environment.

19 I would now like to turn the
20 presentation over to Herbert Jones, our Plant
21 Manager.

22 HERBERT JONES: I am Herbert
23 Jones, Plant Manager of Occidental Chemical
24 Corporation's Niagara Falls chlor-alkali
25 manufacturing plant. We are grateful for the

1 opportunity to appear today to express our support
2 for the New York Power Authority's decision to
3 approve contract extensions for current Expansion
4 Power and Replacement Power customers.

5 I have been plant manager here
6 only for about two months, but already I know two
7 important things about the plant: one, we have a
8 highly-skilled, well-trained and experienced hourly
9 and salaried workforce; and two, the continued
10 allocation of low-cost hydropower to our facility is
11 absolutely critical to its long-term economic
12 viability. Approval of the contract extensions will
13 enable us to maintain our high-paying jobs, and the
14 plant's significant economic benefits to the
15 community.

16 The current total payroll at the
17 plant is approximately twenty-four million dollars.
18 Because the plant's jobs are so attractive, the
19 average length of service of our employees at the
20 plant is more than twenty-six years. Adding
21 together payroll, local expenditures for goods and
22 services, capital investment, and state and local
23 taxes and fees, we estimate our total direct
24 positive economic impact to Western New York is a
25 hundred twenty-four million dollars annually.

1 OxyChem's operations support, through the purchase
2 of a wide range of goods and services, approximately
3 two hundred twenty-five different vendors and
4 suppliers in the region.

5 OxyChem's Niagara Falls chlor-
6 alkali plant is a modernized facility that traces
7 its origins back to 1906. The plant uses salt,
8 water, and electricity to make basic chemicals,
9 hydrogen, chlorine and sodium hydroxide, that are
10 essential to a wide range of quality-of-life
11 enhancing products. OxyChem uses the hydropower it
12 purchases from the New York Power Authority
13 primarily as a raw material in its production of
14 these critical chemicals, not just to turn on the
15 lights and run motors.

16 While the manufacturing process is
17 inherently energy-intensive and requires a
18 significant amount of electricity, our objective is
19 to use all the available hydropower as efficiently
20 as possible to maximize production. Because
21 electricity is so important to the economics of the
22 plant, we have an enormous incentive to use it
23 efficiently.

24 The chlor-alkali industry is a
25 very competitive business, and the major factors we

1 assess in making decisions are the costs of safely
2 making the products and safely delivering them to
3 customers. OxyChem's Niagara Plant competes with
4 chlor-alkali manufacturers from around the world.
5 We also compete with OxyChem's seven other chlor-
6 alkali plants located in Kansas, Alabama, Louisiana
7 and Texas for capital. The current allocation of
8 low-cost hydropower, which remains the same in the
9 proposed contract extensions, is the primary factor
10 that makes the Niagara Plant successful and allows
11 it to remain competitive in the marketplace, within
12 our own company, and as an employer of high-paid
13 workers, and a business with a significant impact on
14 the Western New York economy.

15 OxyChem is committed to
16 safeguarding the environment and protecting the
17 safety and health of its employees and neighboring
18 communities. The Niagara Plant has maintained OSHA
19 star status since 1996. This distinguishes the
20 plant as among the safest in the country.

21 The Niagara Plant is also part of
22 the industry's voluntary Chlorine Emergency Plan, or
23 CHLOREP, mutual aid program, and our employees can
24 respond anywhere in New York and throughout the
25 northeast to chemical emergencies.

1 As far as our products are
2 concerned, the plant also has a sophisticated and
3 comprehensive environmental management system in
4 place. OxyChem has implemented a number of
5 pollution prevention projects, and we continue to
6 invest in environmental protection programs. The
7 results of our environmental program have earned us
8 both corporate and external recognition.

9 The continued success of the
10 OxyChem plant in Niagara demonstrates how the New
11 York Power Authority Niagara Project industrial
12 hydropower program should work. The plant's process
13 requires significant energy, it provides basic
14 building block chemicals that are essential for a
15 multitude of quality-of-life enhancing products, and
16 it provides long-term and ongoing economic benefit
17 to the region and the state.

18 We thank New York Power Authority
19 President and CEO, Richard Kessel, the staff, and
20 the Board of Trustees for their efforts in
21 negotiating these contract extensions, and urge
22 their final approval. Thank you.

23 KAREN DELINCE: Thank you.
24 Larry Montani.

25 LARRY MONTANI: Good

1 afternoon. My name is Larry Montani, and I am the
2 Co-Managing Director at Niacet Corporation. With me
3 today is Mr. David Robertson, who is an employee and
4 Vice President of the United Steelworkers Local
5 4-58. We are here today to support the proposed
6 extensions of the Replacement and Expansion Power
7 contracts.

8 The predecessor to Niacet, the
9 Carbide and Carbon Chemicals Company, went into
10 operation in Niagara Falls in 1924. The company
11 name, Niacet, was derived from the location of the
12 plant in Niagara Falls, and the product that was
13 manufactured at the plant, acetylene. In 1946,
14 Union Carbide purchased the facility, but by the
15 late '70s the plant was about to be shut down.
16 However, in 1978, Niacet was reborn through the
17 actions of one of its own executives, Michael
18 Brannen. Since that time, for over thirty-two
19 years, Niacet has been locally owned and operated by
20 the Brannen family, headquartered here in Niagara
21 Falls. We have invested seventy-five million
22 dollars into this facility, and grown it by a factor
23 of twelve, while providing job and financial
24 security to all of our employees.

25 Niacet has the largest capacity in

1 North America for the production of metal acid
2 salts, such as Sodium Acetate, a buffering agent;
3 Sodium Diacetate, a food-flavoring agent; and
4 Calcium Propionate, a mold inhibitor for bread.

5 This year, we completed the design and installation
6 of our newest production facilities for sodium and
7 calcium stearoyl lactylates. These lactylate salts
8 are emulsifiers commonly used in the bakery industry
9 as dough strengtheners and crumb softeners. They
10 also have wide applications in cosmetic and
11 personal-care products.

12 In addition, for over twenty-five
13 years, Niacet has been the only North American
14 producer of Sodium Phenoxy Acetate, which is an
15 intermediate used exclusively in the fermentation of
16 penicillin. We also are one of only two U.S.
17 producers of a raw material for this product,
18 chloracetic acid; the other producer being the Dow
19 Chemical company. Our products are sold throughout
20 the world, including countries in North and South
21 America, Africa, Asia and Europe. They have a broad
22 range of uses, and most likely there is something in
23 all of our homes that includes products manufactured
24 here in Niagara Falls at Niacet's facility.

25 Niacet has a skilled workforce of

1 men and women. Our employment totals ninety-four
2 jobs. Our plant employees are represented by the
3 United Steelworkers and earn an average wage
4 totalling thirty-eight dollars per hour including
5 benefits. Our total company payroll exceeds six
6 point five million. These jobs are good
7 manufacturing jobs that provide excellent wages and
8 benefits.

9 We have no competitors in New York
10 State, only suppliers, vendors, and a select few
11 customers. Just in Niagara Falls, we have four
12 million dollars in annual purchases from the local
13 plants of Olin, Praxair and Covanta. Hydroelectric
14 power is critical to these operations as well. The
15 synergies and dependency of the local manufacturing
16 base, as evidenced by our operations, is quite
17 extensive, and all tied to hydroelectric power.

18 Numerous other vendors,
19 contractors and public entities realize economic
20 benefit by our business presence here in Western New
21 York, including the City of Niagara Falls, Niagara
22 County, the Niagara Falls Water Authority, and the
23 Niagara County Sewer District. Our local suppliers
24 and contractors include Apollo Steel, Ferguson
25 Electric, Mollenberg Betz, Dival Safety, DCB

1 Elevator, Niagara Supply, Industrial Services, IDS,
2 HazMat, Modern Disposal, just to name a few of them.

3 And because Niagara Falls is our
4 headquarters, both suppliers and customers come here
5 to see us. Their visits mean more business for
6 local hotels and restaurants.

7 We are also committed to the well
8 being of our community, and provide both development
9 level and annual operating funds to local
10 organizations like the United Way of Greater
11 Niagara, Mt. St. Mary's Hospital, Niagara Falls
12 Memorial Medical Center, HANCI, Buffalo Children's
13 Hospital, Niagara University, Niagara Catholic,
14 Stella Niagara Education Park, and the Niagara Falls
15 Boys and Girls Club. We also provide support to
16 numerous health associations, including the Upstate
17 New York Multiple Sclerosis Society, Susan G. Komen
18 for the Cure Foundation, Cystic Fibrosis, the
19 Alzheimer's Association, and others.

20 Our manufacturing process is
21 energy intensive, and the long-term availability of
22 NYPA hydropower is critical to the sustainability of
23 our facility. Without it, the economic benefits
24 that we provide to our local community could be
25 lost. Niacet competes with companies located in

1 other parts of the U.S. and the world where the
2 costs of manufacturing are much different and often
3 much less than here in New York State. The proposed
4 contract extensions, which make hydropower available
5 to Niacet until 2020, sustain our electric power
6 cost platform, and help us remain competitive on
7 both a domestic and global basis.

8 We remain committed to our
9 business, employees, and to Western New York, and
10 wish to continue operations here. We are here today
11 on behalf of the owners, employees, and management
12 of Niacet Corporation, to ask that NYPA and the
13 Governor approve the contract extensions.

14 DAVID ROBERTSON: My name is
15 David Robertson, and I live at 1325 Garrett Avenue,
16 Niagara Falls, New York. I am here on behalf of
17 United Steelworkers Local 4-58, which represents the
18 labor force employed by Niacet Corporation.

19 I strongly urge the Economic
20 Development Power Allocation Board to recommend that
21 New York Power Authority and Governor Paterson
22 approve the contract and extension which would allow
23 Niacet to continue to receive the benefits of low-
24 cost power.

25 Programs such as Power for Jobs

1 and Economic Development Power allow companies such
2 as Niacet to compete in a global economy, where
3 labor is cheap, power is inexpensive, and
4 environmental regulations are nonexistent. Without
5 the benefits of low-cost power leveling the playing
6 field, Niacet would not be able to remain a viable
7 competitor in its markets. Niacet has shown an
8 unwavering commitment to both its employees and to
9 the region in its continued investment in its
10 manufacturing facility, and its involvement in the
11 neighboring community. The energy-intensive nature
12 of the chemical manufacturing industry make low-cost
13 power a vital link in Niacet's survival. The loss
14 of low-cost power would translate to a loss of jobs,
15 stifle growth, and inevitably jeopardize Niacet's
16 future.

17 I also appeal to you from a
18 taxpayer and homeowner's perspective. The jobs that
19 Niacet provides allow yet another segment of our
20 population to remain gainfully employed and provide
21 for their families, spend their hard-earned money at
22 local businesses, and keep their homes. At a time
23 when unemployment, bankruptcy and foreclosures are
24 at an all-time high, we need to carefully reconsider
25 any option that puts further jobs at risk.

1 On behalf of the Union
2 Steelworkers that I represent, I thank you for your
3 consideration and your continued support in
4 approving these contracts. Thank you.

5 KAREN DELINCE: Thank you, Mr.
6 Robertson. Next we have Assemblywoman Francine
7 Delmonte.

8 FRANCINE DELMONTE: Good
9 afternoon. My name is Francine Delmonte, and I am
10 the State Assembly Representative for the 138th
11 District, which hosts the Niagara Power plant
12 operated by the New York Power Authority.

13 I want to thank the New York Power
14 Authority for hosting today's hearing regarding
15 contract extensions for Replacement and Expansion
16 Power customers in Western New York.

17 I've been waiting a long time to
18 have the opportunity to express my strong support
19 for these contract extensions. Ever since 2005,
20 when the federal statute authorizing replacement
21 power expired and state legislation, which I
22 co-sponsored, was created to preserve it, I have
23 vigorously advocated in discussions and meetings
24 with former Governor Spitzer's energy staff,
25 Governor Paterson's energy secretary and Power

1 Authority Chairman Kessel and his staff that these
2 contract extensions be finalized.

3 The Niagara County companies
4 receiving Replacement and/or Expansion Power are
5 vital to local and state economies. The jobs, wages
6 and benefits provided by these companies are
7 essential to family and neighborhood stability,
8 local businesses, contractors, and others who
9 benefit from direct and indirect contact with these
10 companies.

11 The companies seeking contract
12 extensions are here in Niagara Falls and Niagara
13 County because the access to inexpensive hydropower
14 is the lifeblood to their manufacturing process.
15 Many of these companies have weathered bad economic
16 times, government regulation, and intense global
17 competition, yet the value of the hydro kept them
18 here. And while some people want to write epithets
19 for older industries, these companies are adapting
20 to changing times and are producing products that
21 are the building blocks for developing new, clean,
22 energy-efficient technology that will fuel the jobs
23 of the future.

24 Many of the speakers here today
25 and tonight will do a much better job quantifying

1 the value these long-term contracts will have on
2 each company's ability to have a future in Niagara
3 County.

4 To me, it all comes down to jobs,
5 good-paying jobs. Retention and perhaps expansion
6 of good-paying jobs.

7 Clearly, New York State is having
8 significant and sizable fiscal issues. Thousands of
9 job losses on Wall Street, and with them the
10 personal income, sales and business taxes they
11 generate are decimating New York's economy. Western
12 New York isn't the center of the financial market
13 world; its footprint lies with manufacturing, and it
14 is manufacturing that we need to maintain and
15 retain.

16 Let's remember: it's the
17 maintenance and growth of private business, large
18 and small, that allows public programs and services
19 to exist.

20 Since 1759 when Daniel Joncairs,
21 and I apologize for my French, when Daniel Joncairs
22 dug a narrow ditch above the Falls on the American
23 side to turn a waterwheel to power a small sawmill,
24 Niagara has been a magnet for manufacturing.

25 Fast-forward two hundred fifty-one

1 years, and several major international and national
2 companies still call Niagara Falls home for their
3 facilities. These companies and their employees
4 need long-term contracts to develop business plans
5 that assure continuous access to low-cost
6 hydropower.

7 It's been a long five years since
8 the state legislation was passed, but now that we
9 are at the point where these contracts are within
10 reach, I have only one word of advice and
11 instruction to the NYPA Trustees, and it is this:
12 make these contracts your first order of business in
13 September.

14 I want to thank all the PEP
15 companies, their employees, NYPA, and the Governor's
16 office for the ongoing negotiations that have led to
17 this point. I look forward to final approval, and
18 thank you for the opportunity to speak today.

19 JAMES PASQUALE: Thank you.

20 KAREN DELINCE: Thank you. We
21 have Herbert Jones. Mike Kaczynski.

22 MIKE KACZYNSKI: Good
23 afternoon. My name is Mike Kaczynski. I am the
24 Engineering Manager at the Goodyear Dunlop Tire's
25 North America Buffalo manufacturing facility. Our

1 plant encompasses close to two million square feet
2 at Sheridan Drive and River Road in the Town of
3 Tonawanda.

4 With me this afternoon from
5 Goodyear Dunlop are Mark Kurkowski, President of
6 United Steelworkers Local 135, and Paul Mertzluff,
7 our plant energy engineer. Between the three of us
8 here today, we have close to ninety years of
9 combined service at Goodyear Dunlop in Tonawanda. I
10 have been with the company for thirty-one years, and
11 Mark, our union leader, has worked at our plant for
12 thirty-four years.

13 We are here today, along with our
14 corporate neighbors, to support the proposed
15 extensions of Replacement and Expansion Power
16 contracts.

17 Dunlop Tire has a proud history at
18 its Tonawanda location. Ninety years ago, ground
19 was broken for our tire manufacturing plant, which
20 opened its doors two and a half years later, in
21 1923. We employ more than twelve hundred Western
22 New Yorkers, many of whom are second or third
23 generation Dunlop associates. In 1999, through a
24 joint venture agreement, we became part of Goodyear
25 Tire & Rubber, one of the world's leaders in the

1 production of tire and rubber products. Our
2 associates are highly skilled and hold high-paying
3 jobs with great growth potential.

4 Our factory is the sole producer
5 of motorcycle tires within Goodyear, and the only
6 American-based facility to produce motorcycle tires
7 in all of North America. This includes leading-edge
8 products such as Harley Davidson, Honda, Suzuki and
9 Kawasaki.

10 In addition, we manufacture
11 passenger, light truck and medium radial truck
12 tires. Our customers for these tires include
13 Toyota, Fleetwood, and Monarch Coach, among numerous
14 others.

15 We pride ourselves on work
16 processes that are both state-of-the-art and highly
17 energy efficient.

18 Our factory's commitment to energy
19 conservation is demonstrated by a reduction in BTU's
20 of energy consumed per pound of product produced of
21 more than thirty percent since the early '90s.
22 We've achieved this improvement through such energy-
23 efficient initiatives as heat recovery projects,
24 like the flu gas condensing heat exchanger we are
25 currently installing, the rebuild of all of our

1 boilers, the last one being finished this year, and
2 facility-wide lighting upgrades. Every year,
3 conservation initiatives funded by our parent
4 company, Goodyear Tire & Rubber, are an integral
5 part of our Annual Operating Plan. Earlier this
6 year, Goodyear continued to demonstrate its
7 corporate commitment to energy efficiency by
8 training twenty-two associates to be certified
9 energy managers, including two from Dunlop Buffalo.
10 Goodyear is also a corporate partner of the
11 Department of Energy's Save Energy Now Leader
12 Program.

13 We are likewise committed to
14 conserving the environment and preserving the
15 environmental health and safety of our associates
16 and our community. In 2007, ours was the first of
17 eleven Goodyear North American Tire facilities to
18 achieve zero waste-to-landfill status. We continue
19 to make progress toward achieving a score of zero
20 when it comes to volatile organic compound, or VOC,
21 emissions as well.

22 Throughout its ninety-year
23 history, Goodyear Dunlop Buffalo has made
24 significant contributions to the local economy.

25 We purchase goods and services

1 from local vendors, and utilize local union and
2 nonunion contractors and suppliers. Our business
3 partners include others who likewise benefit from
4 low-cost hydropower. For instance, we purchase bulk
5 liquid nitrogen from Praxair, and have an innovative
6 reciprocal agreement with our neighbor, 3M, for the
7 supply of process water that is mutually beneficial
8 to both plants.

9 In addition, Goodyear Dunlop
10 supports many local charitable causes, including the
11 United Way, Roswell Park Cancer Institute, and the
12 Make-A-Wish Foundation of Western New York. This
13 September, we will host our fourth annual Dunlop
14 Ride for Charity, a weekend-long event that each
15 year raises thousands of dollars to benefit Roswell
16 and Make-A-Wish.

17 In order to stay competitive with
18 our ten sister Goodyear tire manufacturing plants
19 outside New York State, our long-term supply of low-
20 cost hydropower is absolutely critical. The
21 continued availability of this hydropower through
22 2020 helps make it possible for Goodyear to commit
23 to continued capital investment at our plant right
24 here in Western New York.

25 The extended contracts will help

1 our region retain its strong, proud manufacturing
2 legacy, and ensure our future.

3 On behalf of Goodyear Dunlop Tires
4 North America and USW 135, we are here today to urge
5 the New York Power Authority and Governor Paterson
6 to approve the contract extensions. Thank you.

7 KAREN DELINCE: Thank you.

8 Next we have Lisa DuBois.

9 LISA DuBOIS: Good

10 afternoon. My name is Lisa DuBois, and I am the
11 Government Affairs Representative at the General
12 Mills facility in Buffalo, New York. With me today
13 is Ethan Weeks, who is the Mill Representative of
14 the Bakery, Confectionary, Tobacco Workers and Grain
15 Millers Union, Local 36. We are here today to
16 support the proposed extensions of the Replacement
17 and Expansion Power contracts. General Mills and
18 its predecessors have been operating in Western New
19 York for over one hundred years.

20 ETHAN WEEKS: The General
21 Mills Buffalo facility is a key strategic facility
22 within the General Mills supply chain. In Buffalo,
23 we produce some of America's best-loved brands,
24 including Cheerios, Wheaties and Gold Medal Flour.
25 Our processes are modern and energy efficient.

1 The General Mills Buffalo plant is
2 a significant contributor to the local economy. We
3 have a highly-skilled team of over four hundred men
4 and women, each receiving good wages, excellent
5 benefits, and continual investment in their personal
6 development through training and other resources.

7 LISA DuBOIS: General Mills
8 also supports the local economy by purchasing goods
9 and services from businesses throughout New York
10 State. In addition, General Mills and its employees
11 are active members of the community, and volunteer
12 at several local charities. General Mills is a
13 leading contributor to the Food Bank, and the United
14 Way of Erie County, and sponsor of two local Buffalo
15 public schools.

16 But to stay competitive with our
17 sister plants and other food manufacturers, it is
18 critical that the Buffalo facility have a long-term
19 supply of low-cost hydropower. Although the cost to
20 industrial users of hydropower from the Niagara
21 Project has steadily increased over the years, it
22 still remains one of the biggest advantages that the
23 plant has in terms of competing internally with
24 other General Mills plants.

25 Knowing that the hydropower will

1 be available until 2020 makes it possible for
2 General Mills to commit to continued capital
3 investment in the plant. In fact, General Mills has
4 committed to investing over forty million dollars in
5 the facility during the extended term of the contract.

6 It is essential to General Mills,
7 its employees, and the region, that the contract
8 extensions be approved. The extended contracts will
9 help the region retain manufacturers, like General
10 Mills, and the contributions that they and their
11 employees make to the local economy.

12 On behalf of the union members and
13 management at the General Mills Buffalo facility, we
14 are here today to urge the Power Authority and the
15 Governor to approve the contract extensions. Thank
16 you.

17 KAREN DELINCE: Thank you.

18 George Harrigan.

19 FRED RANCK: Fred Ranck,

20 and I am the Plant Manager at Praxair's Niagara
21 Falls facility. With me is George Harrigan, who is
22 the President of the International Brotherhood of
23 Teamsters Local 449. The Praxair truck drivers are
24 represented by Local 449. We are here today to
25 support the proposed extensions of the Replacement

1 and Expansion Power contracts.

2 Because of low-cost hydropower,
3 Praxair and its predecessor companies located
4 manufacturing facilities in Western New York.
5 Initially, the power from the Adams and Schoellkopf
6 plants powered factories producing metals and
7 electrodes. Praxair has operated an air separation
8 plant and a hydrogen plant on Royal Avenue in
9 Niagara Falls for the past thirty years.

10 Worldwide, Praxair operates over
11 thirty hydrogen production plants, and the Niagara
12 Falls facility is one of numerous hydrogen pipeline
13 facilities operated by Praxair. The Niagara Falls
14 plant is the only hydropower production facility, or
15 hydrogen pipeline facility, operated by Praxair in
16 the State of New York.

17 Hydrogen, and the atmospheric
18 gases produced at the Niagara Falls plant, namely
19 oxygen, nitrogen and argon, are delivered to
20 customers in steel, glass, welding, electronics,
21 food processing and medical oxygen markets within a
22 three hundred mile radius of Niagara Falls.
23 Praxair's products and technologies bring both
24 environmental and energy efficiency benefits to
25 these customers. For example, hydrogen is used to

1 produce cleaner-burning gasoline, as well as to
2 directly fuel zero-emission vehicles. Our
3 oxygen-based technologies help steel and glass
4 producers significantly reduce nitrogen oxide and
5 other harmful emissions.

6 In addition, many of the other
7 manufacturers in Niagara Falls are customers of
8 Praxair. These include Olin, Occidental Chemical
9 and DuPont. We also have a large number of
10 suppliers in the region. These include other NYPA
11 hydropower customers, such as Occidental customers
12 and Olin.

13 But to be competitive, our Niagara
14 Falls plant must have a long-term supply of NYPA
15 hydropower. Production of atmospheric gases and
16 hydrogen is very energy intensive. The proposed
17 contract extensions are of critical importance to
18 Praxair, our employees, our customers, and our
19 suppliers.

20 Approval of the contract
21 extensions will secure the manufacturing base of the
22 local economy, and retain businesses that purchase
23 NYPA hydropower.

24 On behalf of Praxair and our
25 employees, we urge the New York Power Authority

1 Trustees and the Governor to approve the contract
2 extensions.

3 I would like to introduce George
4 Harrigan now.

5 GEORGE HARRIGAN: Thank you,
6 Frank.

7 Good afternoon ladies and
8 gentlemen. My name is George Harrigan, President of
9 Teamsters Local 449.

10 Our program at Praxair provides
11 good-paying jobs in Western New York, and our
12 members of Teamsters Local 449 benefit, as well as
13 Praxair, because of the low cost of hydropower. But
14 with the employer maintained at ten percent, we
15 cannot afford to lose any more jobs in the local
16 area, Praxair must remain.

17 The International Brotherhood of
18 Teamsters Local 449, which represents over fourteen
19 thousand hard-working men and women in Western New
20 York, support the proposed extensions of the
21 Replacement and Expansion Power contracts. Low-cost
22 hydropower and good-paying jobs are the lifeline of
23 this community.

24 Thank you very much for the
25 opportunity to speak.

1 JAMES PASQUALE: Thank you.

2 KAREN DELINCE: Thank you, Mr.
3 Harrigan. We have Marcus Ferguson.

4 MARCUS FERGUSON: Good
5 afternoon. My name is Marcus Ferguson, and I am the
6 Director of Government Affairs for the Business
7 Council of New York State.

8 On behalf of the Council, I
9 greatly appreciate this opportunity to testify today
10 regarding the proposed contract extensions for NYPA
11 expansion and Replacement Power customers.

12 The Business Council is New York's
13 largest statewide employer association, representing
14 more than three thousand businesses, which
15 collectively employ about one million New Yorkers
16 across the state, and across all industrial sectors.

17 Importantly, the Business Council
18 has been a longtime advocate for NYPA's Expansion
19 and Replacement Power programs. We proudly
20 represent a number of these programs' largest
21 participants; Occidental, FMC, DuPont, General
22 Mills, General Motors, Greatbatch, Honeywell,
23 Luvata, Moog, Olin, and others. We have worked
24 together closely with these businesses on a wide
25 range of issues of importance to the regional

1 economy and the state's overall business climate.

2 We are especially pleased to be
3 here today supporting a proposal designed to result
4 in the long-term retention of more than one hundred
5 energy-intensive businesses, mostly manufacturers,
6 that provide the economic lifeblood of Western New
7 York.

8 The Business Council has long
9 argued that New York State's economic development
10 policies need to focus more on retention of in-state
11 business and jobs, incentivize ongoing capital
12 investment, in addition to job creation and focus on
13 the quality of jobs, factors such as salaries and
14 benefits, rather than simply on the number of jobs.

15 The Business Council believes that
16 by supporting the retention of these major Western
17 New York employers, and basing contracts on
18 employment and investment targets, these proposed
19 contract extensions will achieve each of these key
20 development objectives and more.

21 Too often, the high cost of energy
22 in New York has an adverse impact on the retention
23 of employers and jobs.

24 Fortunately, we have an incredibly
25 valuable economic development tool in NYPA's

1 hydropower, a tool that has been used to great
2 effect in retaining high-value, energy-dependent
3 business across the state.

4 The Business Council's support for
5 this contract is based on two key factors. First,
6 it will result in more than one hundred fifty
7 million dollars in annual capital investment in
8 Western New York's economy. We believe that
9 significant reinvestment in capital plant is one of
10 the best indicators of a business' long-term
11 commitment to the state. Second, it will result in
12 the long-term retention of more than twenty-eight
13 thousand high-paying, mostly manufacturing jobs in
14 Western New York. We like to refer to the
15 manufacturing bonus, the fact that in the five-
16 county Western New York region including Erie,
17 Niagara, Chautauqua, Cattaraugus, Allegany counties,
18 the average manufacturing salaries are about fifty-
19 three thousand dollars, exceed average non-
20 manufacturing, private sector salaries by fifty-four
21 percent, or approximately eighteen thousand dollars
22 per year, based on 2009 New York State Department of
23 Labor data. From 2000 to 2009, again using DOL
24 data, the five-county region lost thirty-eight
25 thousand manufacturing jobs, more than one in three

1 of all such production jobs, and an estimated one
2 point one billion in annual payroll. Imagine the
3 impact of the loss of additional major employers on
4 the regional economy.

5 Expansion and Replacement Power
6 companies are dependent on competitively-priced
7 power, with many energy-intensive production
8 processes. There is no doubt that these long-term
9 extensions of hydropower contracts with the New York
10 Power Authority are critical in assuring future job
11 retention and growth, and new capital investment.

12 In addition, we believe that the
13 proposed contract contains reasonable commitments
14 for both the participating businesses and NYPA, in
15 terms of long-term pricing and power delivery, and
16 in terms of conditioning contract benefits on the
17 company's achievement of investment and employment
18 targets.

19 This extension has been long time
20 in coming, and we applaud NYPA's commitment to
21 developing and finalizing these contracts, and we
22 applaud these businesses' long-term commitment to
23 New York State.

24 For these reasons, the Business
25 Council urges NYPA to give final approval to these

1 proposed contract extensions. Thank you very much.

2 KAREN DELINCE: Thank you.

3 Raymond Mercer.

4 RAYMOND MERCER: Good

5 afternoon. My name is Raymond Mercer, and I am
6 President of Luvata Buffalo, Inc., and Vice
7 President and General Manager of Luvata's North
8 American Rolled Products Division. With me is Jeff
9 Karcher, President of USW Local 593.

10 I would like to thank the Board of
11 Trustees for allowing me to tell you about Luvata
12 and the importance of hydropower to our long-term
13 economic viability.

14 The Buffalo facility of Luvata is
15 located within the City of Buffalo and has been
16 there for a hundred three years. I have heard the
17 term smokestack industry, and for our industry
18 nothing could be further from the truth. You may
19 know us by our former names, Anaconda or American
20 Brass. We are now part of Luvata, which is a
21 multi-national company that operates manufacturing
22 facilities in North America, Europe and Asia.

23 We manufacture copper and brass
24 alloys, which are incorporated into many products
25 that utilize the excellent electrical and thermal

1 conductivity of copper, as well as its durability.
2 We are continually investigating new alloys and
3 products which are more efficient to produce and can
4 be incorporated into the many new eco-friendly
5 products being developed by our customers.

6 One recent example is a new high
7 performance alloy that is now used in tubing for air
8 conditioners, that will allow the elimination of
9 chlorinated refrigerants, alternative energy, R&D
10 and antimicrobial products for health care. We also
11 supply the high-tech industries with copper.

12 We have strengthened our
13 relationship with the Steelworkers Union, and in
14 cooperation with them are developing a new program
15 called High Performance Work Systems, which allows
16 unprecedented input in the management of the
17 workplace, and transparency in decision-making.

18 JEFF KARCHER: Luvata Buffalo
19 currently employs approximately five hundred
20 seventy-five employees and full-time contractors,
21 approximately four hundred thirty of whom are
22 represented by Local 593 of the United Steelworkers
23 Union. Luvata's employees have good-paying jobs
24 with excellent benefits, including medical, dental,
25 insurance and retirement plans.

1 The combined payroll including
2 union and salaried employees for 2009, a year when
3 the bad economy adversely affected our business, was
4 in excess of fifty-four million dollars, not
5 including contractors.

6 RAYMOND MERCER: Capital
7 investments in the past ten years, we have invested
8 sixty-five million dollars in the facility,
9 including productivity and efficiency improvements,
10 and especially energy-efficiency improvements.

11 In 2009 alone, which was a
12 recessionary year, we spent over one hundred million
13 dollars in goods and services, not including
14 payroll, capital investments, or cost of purchased
15 metal, in order to maintain plant operations.

16 We estimate of that total,
17 approximately seventy million was spent right here
18 in Western New York.

19 Energy efficiency, we work on the
20 basis of continuous improvement. We have insulated
21 the plant roof and walls with urethane foam and
22 replaced old windows with new, efficient units, and
23 replaced all the windows in the last twenty years.

24 Since 2000, we have replaced -- in
25 a million square foot facility, we replaced all of

1 our lighting fixtures, a half-million dollar
2 expenditure per energy savings, and we would save
3 about a half a million dollars a year; utilization
4 of waste heat from annealing furnaces to produce
5 steam, thereby largely eliminating natural gas for
6 that purpose; installation of new, ninety-nine
7 percent efficient natural gas heaters, eliminating
8 the old, inefficient steam system.

9 Environmental issues; again, we
10 don't consider ourselves a smokestack industry, we
11 are a green business. We do not recycle copper,
12 probably seventy percent of what we use is
13 recyclable materials. Luvata Buffalo also is in
14 compliance with all environmental laws and
15 regulations. We have not received any notice of
16 violations since the beginning of environmental
17 regulation, and we are very proud of that record.

18 Luvata Buffalo also utilizes only
19 electricity and natural gas in its very modern and
20 efficient melting and annealing furnaces.

21 We recycle virtually all of the
22 scrap metal that we generate in our business, and we
23 recycle our customers' scrap material. We also
24 reclaim ninety-nine percent of the fluids we use in
25 our production, as well as ninety percent of

1 packaging material.

2 To conclude, Luvata Buffalo is
3 facing unprecedented challenges as we move forward.
4 We are experiencing both intense competition from
5 Chinese and Mexican imports, as well as competition
6 within our own company. Our business could be
7 produced elsewhere within our company in European
8 plants. We have witnessed the fundamental
9 restructuring of American manufacturing, but have
10 nevertheless gained market share in a shrinking
11 market because of attention to innovation and
12 efficiency.

13 I would like the board to remember
14 two things, without our hydropower allocation, it is
15 not an exaggeration to say we will not survive as
16 the business we are today; and secondly, with our
17 hydropower allocation contract extension, we can
18 grow, while protecting and expanding the jobs we
19 have, and hopefully, expand them in the future.

20 Therefore, we urge the Trustees
21 and the Governor to approve the contract extensions.

22 Thank you.

23 KAREN DELINCE: Thank you.

24 Kelly Brannen.

25 KELLY BRANNEN: Good

1 afternoon. My name is Kelly Brannen. I am Managing
2 Director of Niacet Corporation, and Chairman of the
3 Power for Economic Prosperity, or PEP Group.

4 PEP is a coalition of
5 manufacturing companies that receive low-cost
6 Replacement and Expansion Power from the Power
7 Authority's Niagara Project. I am here today on
8 behalf of the PEP companies to emphasize the
9 importance of the contract extensions to the
10 Replacement and Expansion Power customers.

11 I also would like to thank Richard
12 Kessel, the President and CEO of NYPA, and his
13 staff, particularly Jim Pasquale and Mike Huvane,
14 for their understanding of the importance of the
15 Replacement and Expansion Power customers to the
16 local economy. By recommending the extension of
17 these contracts, NYPA has focused on retaining the
18 businesses that currently purchase hydropower,
19 thereby securing the economic base of Western New
20 York.

21 The PEP member companies sell
22 their products globally and require low-cost
23 hydropower to stay competitive. These companies
24 provide high-quality, private-sector jobs. The
25 wages and benefits received by the union and

1 non-union employees of the PEP member companies are
2 some of the highest in the area. Additionally,
3 because of the nature of the PEP member businesses,
4 many of their contractors require highly-skilled
5 labor that also receives high wages and benefits.
6 These high-quality jobs are vitally important to the
7 Western New York economy, and will stay in Western
8 New York if the contract extensions are approved.

9 Not only are the wages and
10 benefits provided by the Replacement and Expansion
11 Power companies significant, so are other impacts
12 that these businesses have on the local economy.
13 They purchase goods and services from each other.
14 These businesses are interrelated and depend on each
15 other as suppliers and customers. These businesses
16 are part of an interdependent economic network in
17 Western New York. It is important that they all
18 stay in Western New York.

19 I have attached an
20 interrelatedness chart to the copy of the statement
21 that I have given to NYPA. It shows some of the
22 supplier/customer relationships among the PEP member
23 companies. The companies, in some instances, buy
24 from and sell to each other raw materials that are
25 absolutely necessary to manufacturing the products

1 made at the plants. If even one of the companies
2 were to leave the area, it would have an adverse
3 impact on the rest.

4 In addition to purchasing goods
5 and services from other hydropower companies, these
6 businesses also purchase goods and services from
7 local contractors and suppliers that do not have the
8 hydropower contracts. For example, they purchase
9 products like uniforms, office supplies, and safety
10 equipment. They also use the services of
11 mechanical, refrigeration and electrical
12 contractors, as well as people who mow the lawns,
13 plow the driveways, and are food-service providers.
14 The list goes on and on.

15 The Replacement and Expansion
16 Power companies manufacture a wide variety of
17 products. One PEP member produces iron powder,
18 which is used for food fortification and
19 preservation. This iron powder can also be used for
20 drinking water purification and groundwater
21 clean-up. A second member manufactures flat copper
22 ribbon that is an important part of solar panels. A
23 third PEP member manufactures a product that is used
24 to produce bio-diesel fuel, and another product that
25 is used in solar cells. A fifth member manufactures

1 a product that is essential to the effective
2 operation of catalytic converters. These are just a
3 few examples of the products manufactured with
4 hydropower by PEP member companies.

5 But as diverse as these companies
6 are, what these manufacturers have in common is that
7 they depend on their long-term hydropower contracts
8 to remain competitive. They need the assurance of a
9 low-cost, long-term supply of power to continue to
10 invest in their facilities. In fact, these
11 companies have committed to investing almost a
12 hundred and fifty million dollars annually in their
13 facilities during the extended term of the contracts.

14 In order to retain the high-
15 quality jobs provided by the Replacement and
16 Expansion Power companies, and the positive economic
17 impact of these businesses and their employees,
18 suppliers and contractors, it is vitally important
19 that the contract extensions be approved.

20 These businesses, their employees,
21 and their suppliers are the economic backbone of the
22 region. Quite simply, the Replacement and Expansion
23 Power companies buy locally, sell globally, and pay
24 good, family-sustaining wages and benefits.

25 PEP urges the Board of Trustees

1 and the Governor to approve the contract extensions.
2 Thank you.

3 JAMES PASQUALE: Thank you.

4 KAREN DELINCE: Thank you.

5 Next we have Dave Buzo. Steven Finch.

6 STEVEN FINCH: Good

7 afternoon. My name is Steve Finch, and I am the
8 Plant Manager of General Motors Tonawanda Engine
9 facility. Along with me today is Bob Coleman, Shop
10 Chairman of UAW Local 774. I'm grateful to be given
11 the opportunity to speak to you regarding the
12 contract extensions.

13 The past year has been a challenge
14 for New York State, as well as the nation. As you
15 know, General Motors went through bankruptcy last
16 July, but has emerged a stronger company.

17 The same is true for the Tonawanda
18 Engine plant. A year ago, we did not know if we
19 were going to remain open. Since GM's emergence as
20 a new company, we have been awarded two new engine
21 programs totalling eight hundred twenty-five million
22 dollars of investment in Western New York. Your
23 support has helped us acquire this new business.

24 The Tonawanda Engine plant started
25 manufacturing on River Road in 1938 making ten

1 thousand five hundred six-cylinder engines. Since
2 that time, we have built over seventy million
3 engines. Our site is comprised of three separate
4 facilities covering three point one million square
5 feet.

6 We currently build the two point
7 two liter and two point four liter Ecotec four-
8 cylinder engines for the Chevrolet HHR and the
9 Malibu, and the two point nine liter four-cylinder
10 engine and the three point seven liter five-cylinder
11 engines for the Chevrolet Colorado and GMC Canyon
12 mid-size pickup trucks.

13 I would like Bob Coleman to speak
14 for a few comments.

15 BOB COLEMAN: As was
16 announced in February and April of this year, we
17 have been awarded two new engine programs. They are
18 the Gen 5 Small Block engine and the next generation
19 fuel-efficient Ecotec engine. These two programs
20 will retain and create hundreds of high-paying jobs.
21 The local and state economic impact are very
22 significant, with the purchasing power of employee
23 payrolls, property taxes paid, support of New York
24 State suppliers, utilities and the numerous dollars
25 and volunteer hours our employees give to support

1 education and the local charities.

2 In order to get this new business,
3 we had to compete against other GM engine plants in
4 other states and countries. Having access to low-
5 cost hydropower does give us a competitive
6 advantage, and we thank you.

7 STEVEN FINCH: We do have an
8 opportunity to get new business, in addition to what
9 has already been awarded to us, and I thank you for
10 the opportunity to get low-cost hydropower, and it
11 gives us a competitive advantage going forward.

12 So we, at GM Tonawanda, recognize
13 that in allowing us to use hydropower, the Authority
14 has entrusted us to use this valuable resource
15 wisely. We want you to know that we are doing our
16 part to conserve energy whenever possible, and to
17 make wise decisions to reduce any impact on our
18 environment and the surrounding community.

19 GM continues to be a landfill-free
20 facility, and has been since May of 2006. Through
21 joint cooperation and investment, GM and our UAW
22 partners continue to strive to reduce energy.

23 In summary, we are very grateful
24 for the ability to apply, and be awarded our current
25 NYPA allocations. We fully endorse the contract

1 extension process, and thank the Power Authority for
2 helping Tonawanda Engine continue to have a positive
3 impact on Western New York. Thank you.

4 JAMES PASQUALE: Thank you.

5 KAREN DELINCE: Thank you.

6 Carol Houwaart-Diez.

7 CAROL DIEZ: Good

8 afternoon. My name is Carol Houwaart-Diez, and I
9 have the honor and the privilege of being the
10 President of the newly created United Way of Greater
11 Niagara, which serves Niagara County. Our mission
12 is to increase the organized capacity for people to
13 care for one another. We carry out our mission by
14 being the premier community organizers in Niagara
15 County. Through our annual campaign, we support
16 over seventy-five programs that are provided by our
17 twenty-one partner agencies. United Way is the best
18 way to do the most good with a single contribution
19 in Niagara County.

20 Of course, our ability to help our
21 community depends upon the generosity of others,
22 individuals and organizations who give of their
23 time, talent and treasure to help make Niagara
24 County a healthier, stronger community in which to
25 live, work and raise a family. Many of those

1 organizations, and the thousands of people who they
2 employ, are impacted by the issue we are discussing
3 today, which means that the United Way and the
4 people we serve are impacted as well.

5 I am here today to support the
6 proposed extensions of the Replacement Power and
7 Expansion Power contracts. All of the hydropower
8 companies in Niagara County, and their employees,
9 contribute to the United Way. For example, Uni frax,
10 Praxair, Niacet, Washington Mills, North American
11 Hoganas, OxyChem and Olin all are major supporters
12 of the United Way and our community. The
13 contributions that these companies and their
14 employees make to the United Way are vitally
15 important to the United Way's annual campaign, our
16 holiday program, all our special events, including
17 our celebrated Day of Caring. Their combined
18 financial contributions to the United Way equates to
19 approximately fifteen percent of our annual
20 campaign. In addition, they are supportive of other
21 local charities that are in our community, and their
22 contributions are invaluable.

23 The Western New York area cannot
24 afford any loss in our workforce, and needs to
25 retain these businesses and the contributions that

1 they make to the local economy. Retaining these
2 businesses will continue to improve the quality of
3 life in our region.

4 On behalf of all of the United
5 Ways in Western New York, I urge the New York Power
6 Authority Trustees and the Governor to approve the
7 proposed contract extensions. And as a resident of
8 Niagara County and a mom, please do this, because we
9 need it for our children and our future.

10 KAREN DELINCE: Thank you.
11 Deanna Alterio Brennen.

12 DEANNA BRENNEN: Good
13 afternoon. My name is Deanna Alterio Brennen, and I
14 am the President of the Niagara USA Chamber of
15 Commerce.

16 On behalf of the Niagara USA
17 Chamber, and our nearly one thousand members
18 throughout Niagara County and the surrounding
19 region, we strongly support the contract extensions
20 of Replacement and Expansion Power customers. Just
21 to name a few of our members that receive power
22 include Niacet Corporation, OxyChem, DuPont, Olin
23 Corp., Praxair, Tam Ceramics and Confer Plastics.

24 There are approximately thirty-
25 five customers in Niagara County that receive

1 allocations of this power. These companies provide
2 thousands of good-paying jobs and have a significant
3 economic impact on our region.

4 These companies, in turn, hire a
5 number of smaller businesses who provide everything
6 from landscaping and snow removal, to catering and
7 janitorial services. The economic spinoff from
8 these companies cannot be underestimated.

9 The mission of the Niagara USA
10 Chamber is to facilitate the advancement of economic
11 development, promote commerce and tourism, and be a
12 strong advocate for our members and business
13 community. We believe our advocacy on behalf of
14 Expansion and Replacement Power customers to extend
15 their contracts fulfills this mission.

16 Thank you for your consideration
17 and for allowing us to speak today.

18 KAREN DELINCE: Thank you.
19 Next we have Jeffrey Karchow. David Robertson. Tim
20 Devin.

21 TIM DEVIN: Good
22 afternoon. My name is Tim Devin, and I am a Sales
23 Executive at DiVal Safety Equipment in Buffalo. I
24 am here today to support the proposed extensions of
25 the Replacement Power and Expansion contracts.

1 DiVal Safety Equipment has been
2 located in Buffalo for over thirty years. The
3 business started in 1977 with the sale of gloves and
4 rain suits from the trunk of our founder's car.
5 Today, DiVal Safety Equipment has over a hundred and
6 sixty-five employees in Western New York.
7 Seventy-five percent of our business is in New York
8 State, with the lion's share done right here in
9 Western New York, really, in this room.

10 Many hydropower customers are our
11 customers as well. For example, in Erie County; FMC
12 in Tonawanda, General Mills, Graphic Controls and
13 I2R are just a few of our customers. In Niagara
14 County; Olin, Praxair and OxyChem are vital to our
15 success. In Orleans County, there's Brunner. In
16 Chautauqua County, there's Cliffstar, Fieldbrook
17 Farms and RHI Monofax, to name a few. These
18 manufacturers are of paramount importance to our
19 business. The state needs to support the retention
20 of these manufacturers and the contributions that
21 they and their employees make to the local economy.
22 Retaining these businesses is vital to the success
23 and continued existence of dozens of companies like
24 mine, and the thousands of employees that work for
25 them.

1 On behalf of DiVal Safety
2 Equipment and our employees, I urge the Power
3 Authority and the Governor to approve the proposed
4 contract extensions.

5 KAREN DELINCE: Thank you.

6 JAMES PASQUALE: Thank you.

7 KAREN DELINCE: Gary Asbach.

8 NANCY GATES: My name is
9 Nancy Gates. I am the Legal Counsel and Corporate
10 Secretary for Washington Mills. Accompanying me is
11 Gary Asbach, Director of Finance and Administration
12 at Washington Mills in Niagara Falls, New York
13 facility; Mr. Donald Rice, President of the United
14 Steelworkers Local 4-2058, which represents fifty
15 employees at our Niagara Falls, New York facility;
16 and Mr. Gary Waterhouse, President of the United
17 Steelworkers Local 4-4447, which represents thirty-
18 five employees at our Tonawanda, New York facility.

19 In the interest of time, all four
20 of us are representatives of owners, employees and
21 management, and ask you to consider our statement,
22 which I will present when I'm done. Thank you for
23 allowing me to speak to you about the extensions of
24 hydropower contracts to our facility.

25 Washington Mills has six locations

1 in the United States and Canada, with two local
2 facilities; one in Niagara Falls, New York and one
3 in Tonawanda, New York. We have operated in the
4 Western New York area for over one hundred years.
5 The Niagara Falls, New York facility was originally
6 part of the Carborundum Company, one of the first
7 companies utilizing hydropower from the Niagara
8 River when it became available in the early 1900s.
9 The Tonawanda location was originally Exolon, and
10 was acquired by Washington Mills in 2001.

11 In addition to the facilities in
12 New York, Illinois, Massachusetts, Wisconsin and
13 Ontario, we have facilities internationally as well.
14 They are located in Mexico, Asia, Europe, South
15 America and China. All facilities are
16 interdependent on one another in one way or another,
17 and the continued operations of our New York
18 facilities is important to the ongoing operations of
19 our other facilities.

20 We employ over six hundred people
21 globally, and a hundred and sixty employees locally.
22 These include professionals in various areas, as
23 well as highly-skilled production employees,
24 tradesmen and technicians. At our two New York
25 facilities we have good-paying union jobs with

1 benefits. These jobs help support the Western New
2 York economy.

3 We are proud of our employees and
4 their commitment to make a world-class product in a
5 safe environment. We are one of the world's leading
6 producers of fused electro-minerals. Our products
7 are used in such applications as grinding wheels,
8 coated abrasive paper, ceramics, and refractory
9 applications. Products produced by Washington Mills
10 are also used as cutting slurries for solar wafers
11 used in solar panels, and for ceramic filters used
12 to filter diesel emissions.

13 The process of producing fused
14 electro-minerals is power intensive. The power is,
15 in effect, a raw material component for our company.
16 For many years, the Niagara Falls area was the focal
17 point of the fused electro-minerals industry in the
18 USA. Unfortunately, that is no longer the case
19 today. Competition from China, Russia, Mexico and
20 Brazil has forced most of the industry to go
21 offshore. We are the only remaining furnacing
22 operation of silicon carbide in the United States.
23 Washington Mills remains committed to being a
24 manufacturing company in the USA in the Western New
25 York area with your help.

1 The availability of the hydropower
2 is a critical component of our ability to maintain
3 that status in New York State. It is essential to
4 our ability to continue to operate both facilities
5 in New York and to plan for the future that the
6 availability of hydropower for industrial use is
7 ensured by extending the contracts. It is
8 indisputable that the Niagara Power Project
9 hydroelectric power plays a vital role in providing
10 competitively-priced power for sale to attract and
11 retain business investment, and promote economic
12 development in Western New York. As costs continue
13 to rise for New York employers, it is important that
14 all available means to control costs are pursued to
15 promote commercial and financial certainty and
16 long-term planning for us as business owners. We,
17 as representatives of the company and the unions
18 which work at both facilities, strongly support the
19 extension of the hydropower contracts. Thank you.

20 JAMES PASQUALE: Thank you.

21 KAREN DELINCE: Thank you.

22 Next we have James Scerra.

23 JAMES SCERRA: My name is
24 James Scerra. I am the Manufacturing Finance
25 Manager at FMC Corporation in Tonawanda, New York.

1 Also joining me are Doug Parker, our Union
2 President, and Mike Brigante, our Financial
3 Secretary representing the International Chemical
4 Workers Union.

5 Good afternoon, and thank you for
6 the opportunity to speak in support of Replacement
7 Power and Expansion Power contract extensions for
8 customers of the New York Power Authority.

9 FMC operates two manufacturing
10 facilities in our Buffalo-Niagara region, a plant in
11 Tonawanda and a plant in Middleport. We employ one
12 hundred eighty highly skilled union and professional
13 workers in our region, and now operate a Research
14 and Development facility which opened in 2009.

15 In the early 1920s, Dr. Max
16 Bretschger and Dr. Charles Burke, German and Swedish
17 scientists, had a vision of an electrolytic process
18 to manufacture hydrogen peroxide. What they
19 required were two raw materials that were not
20 readily available then, large amounts of electricity
21 and cooling water. Our region, which led the world
22 in distributed electricity at that time, was the
23 perfect choice. So they came to our area and formed
24 the Buffalo Electro Chemical Company, or BECCO, in
25 Tonawanda. BECCO was the first electrolytic

1 hydrogen peroxide manufacturer in America.

2 FMC purchased BECCO in the early
3 1950s. And today, FMC uses modern, efficient
4 electrolytic cell technology to produce our line of
5 persulfate chemicals and peracetic acids to supply
6 the world. We remain the only North American
7 manufacturer of persulfate chemicals and peracetic
8 acids, which are powerful oxidizers used in a
9 variety of applications, latex and acrylics,
10 plastics, inks and pigments, gas and oil production,
11 mining, pulp and paper, cosmetics, swimming pool
12 disinfectants, textiles, micro-etching of electronic
13 circuit boards, medical and pharmaceutical,
14 environmental, and food and beverage processing.

15 Some new and exciting global green
16 applications of our products are for environmental
17 soil remediation, wastewater treatment and microbial
18 control in the food and beverage industries.

19 We are here today because power is
20 critically important to our business operations. We
21 use power as a raw material. We compete globally,
22 with the most significant competition coming from
23 Asia, specifically China.

24 FMC also purchases our raw
25 materials locally. Many of our suppliers are

1 present here, and are equally dependent on NYPA
2 hydropower in their operations. We take
3 comprehensive safety measures to protect our
4 workers, our community and our environment. We are
5 expanding and growing in our region, and the
6 extension of our NYPA hydropower contracts is
7 critical to fuel this growth and maintain our global
8 competitive position. Thank you.

9 KAREN DELINCE: Thank you.

10 JAMES PASQUALE: Thank you.

11 KAREN DELINCE: Edwin Asbach.

12 EDWIN ASBACH: Good

13 afternoon. My name is Edwin Asbach. I am the
14 Engineering and Maintenance Manager with the
15 Structural Ceramics Division of the Saint-Gobain
16 Corporation; formerly known as the Carborundum
17 Company. We are located off of Buffalo Avenue at 22
18 and 23 Edison Drive in Niagara Falls. We are a
19 union shop.

20 Here with me today is Marty Baker,
21 Vice President of our Local, and Chris Trunzo, Plant
22 Chairman. Both are members of the United
23 Steelworkers Union Local USW 4-2058 AFL-CIO. Both
24 Marty and Chris are longtime employees that have
25 held several positions within the local union and

1 production. They are standing with me, representing
2 the unions' interest, and their support of our
3 common position, as we present a joint voice before
4 you supporting the need for prolongation of the
5 low-cost power allocations we are receiving, and the
6 imperative nature of its continuance.

7 Saint-Gobain purchased the
8 Carborundum Corporation in 1996. Saint-Gobain is a
9 worldwide billion dollar glass, ceramics and
10 building materials company. Well-known companies,
11 such as Norton and CertainTeed, are also part of
12 Saint-Gobain. The Carborundum Company originated in
13 Niagara Falls, at the Buffalo Avenue site, over a
14 hundred years ago. The company started in 1891.
15 Currently, there are a hundred seventy employees at
16 this location. Regionally, Saint-Gobain has
17 locations throughout New York State and Southern
18 Ontario. There are six other Saint-Gobain groups at
19 seven different locations within the Western New
20 York area, with an employment total of just under
21 one thousand people. About one-half of these
22 locations receive low-cost power. The competitive
23 benefit of our receipt of low-cost power is well
24 known by management throughout the company, on both
25 sides of the ocean. It is a critical ingredient to

1 our cost structure, and a substantial factor in our
2 continued success. It is a vital component to our
3 existence in Western New York.

4 Employment at this location
5 consists of a highly-skilled and well-trained
6 workforce. Saint-Gobain provides well-paying jobs,
7 excellent benefits, with potential for continued
8 training, growth and advancement opportunities.
9 Among the skill levels found at our location are New
10 York State certified journeymen grinders,
11 machinists, welders, maintenance and support. Many
12 of our employees hold educational degrees and papers
13 from various institutions, disciplines, and are of
14 various levels. The payrolls provided by our
15 company, and other companies here today, fold
16 themselves into the local economy numerous times and
17 at various levels, thereby providing a substantial,
18 consistent, important and positive cash infusion and
19 money flow into the local economy.

20 At our facility, the primary
21 material manufactured at our location is silicon
22 carbide ceramic, trade name, Hexology. Silicon
23 carbide is a man-made material generally used in the
24 abrasives industry. In our process, the silicon
25 carbide powder is formed and fired into a dense

1 ceramic of various shapes and for a multitude of
2 product uses. They range from mechanical seals to
3 heat exchanger tubes, from kiln furniture to
4 ballistic armor, from insulation blocks to chemical
5 processing components.

6 Our products are found in
7 automobile water pumps. The silicon carbide seal
8 allows the water pump to last longer and leak less.
9 Our products are also in the chemical industry, used
10 in heat exchangers, which, by virtue of the material
11 strengths and temperature capabilities, allows the
12 exchangers to run hotter, and thereby efficiently
13 saving energy and costs. With the materials
14 abrasion resistant, it is a prime candidate in many
15 wear applications, such as sandblast nozzles. Armor
16 is another area that utilizes the materials' unique
17 properties.

18 Over the past couple of years, we
19 have had capital expenditures totalling over ten
20 million dollars. These expenditures have fallen
21 primarily into the categories of capacity growth,
22 safety and sustainment. The majority of the
23 contractors, vendors and suppliers we use are local.
24 With tough economic times, these numbers do vary,
25 and this heightens the importance of the low-cost

1 power impact on our business.

2 Recently, we have been
3 implementing and funding several cost savings and
4 energy initiatives. They range from simple, but
5 large, lighting improvements/wattage reductions
6 programs, to soft start motors that consume less
7 start-up amperage and running power. We have
8 installed timers, motion detectors, process
9 improvements, better furnace insulation, and have
10 had simple turn it off programs. We are in the
11 process of investigating power factor correction,
12 through capacitance, that will reduce demand levels
13 and increase capacity.

14 On another topic, the company has
15 a very civic-minded approach. We have substantial
16 involvement with many of the local and national
17 charities. We have direct and close relationships
18 to the United Way of Greater Niagara, for whom I was
19 campaign chair in 2004. Additionally, we have
20 several of our employees that are participating in
21 the Cataract Elementary School Adopt A Child
22 mentoring and tutorship programs, Adopt A Family at
23 Christmas, St. Vincent DePaul support, American Red
24 Cross and others. Additionally, we provide either
25 long-term or spot financial support to these and a

1 multitude of other charities, trying to keep the
2 primary focus local.

3 In closing, continuation of the
4 low-cost power program is an essential part of our
5 ability to remain a cost-effective national and
6 international competitor, anchored in this area.
7 Saint-Gobain is a French-owned company. As I stated
8 earlier, Saint-Gobain management is keenly aware of
9 our low-cost power and the impact it has on the
10 enticement to this area. Extension of the contract
11 is critical to our business, and would be a huge
12 blow to our ongoing viability in this area if it
13 were discontinued or substantially reduced.

14 Marty, Chris and I, on behalf of
15 our union and the Saint-Gobain company, would like
16 to thank the New York Power Authority, and all of
17 you, for providing this opportunity, allowing us to
18 convey our situation and needs in this public forum.
19 Thank you.

20 KAREN DELINCE: Thank you.

21 JAMES PASQUALE: Thank you.

22 KAREN DELINCE: Tom Martinez.

23 TOM MARTINEZ: My name is Tom

24 Martinez, and I am the Operations Manager of
25 Treibacher Schleifmittel North America, Inc.,

1 formerly for years known as General Abrasives. I am
2 a Western New York native, and have been employed at
3 Treibacher Schleifmittel since 1977.

4 Our manufacturing facility was
5 opened in 1917, and has been a viable part of the
6 community since that time, where we are a receiver
7 of hydropower from the New York State Power
8 Authority.

9 We employ hourly and salaried
10 workers, and our hourly workers are represented by
11 the United Steelworkers Union. The jobs that are
12 currently at this facility provide all employees
13 with good wages and good medical benefits. In
14 addition to this, we are supplied by many local
15 businesses, like Niagara Supply, Nut and Bolt, IDS
16 Lakes and Supply, Lafayette Machine Shop, Eastern
17 Machine Shop, Croisdale Fabrication, Hohl
18 Industrial, CIR Electric, Universal Computer,
19 Scrufari Construction, Armand Cerrone Company,
20 including other contractors that provide machine
21 shop services, fabrication services, millwright
22 services, cleaning services, security services,
23 hydraulics services, bearing transmission
24 specialists, just to name a few.

25 The main product that is made at

1 this facility is brown fused aluminum oxide. Brown
2 fused aluminum oxide is primarily used in the
3 manufacturing of grinding wheels, sandblasting and
4 the aircraft industry, as well as many other
5 industrial applications.

6 The supply of long-term hydropower
7 is critical to the manufacturing facility in
8 retaining all current operations, as well as any
9 possible further expansion.

10 In order to compete with the
11 global economy, a new manufacturing facility was
12 recently built at 2000 College Avenue, Niagara
13 Falls, New York in 1996. This is a state-of-the-
14 art manufacturing facility, and has allowed
15 Treibacher Schleifmittel to continue to be a world
16 leader in the abrasives market. The manufacturing
17 facility is certified as an ISO 9001 company.
18 Treibacher Schleifmittel has been awarded
19 certificates of appreciation for investing in
20 Upstate New York Economic Development by Niagara
21 Mohawk. Treibacher Schleifmittel also receives a
22 certificate of appreciation yearly from the New York
23 State Department of Labor that promotes utilizing
24 OSHA standards. Treibacher Schleifmittel was the
25 recipient of the Niagara Beautification Commission

1 Award, and also, employees are active contributors
2 to the United Way of Niagara.

3 It is imperative that Treibacher
4 Schleifmittel and all of its employees and their
5 families, along with all the local contractors and
6 businesses, that the power contract extensions be
7 approved. Thank you.

8 KAREN DELINCE: Thank you.

9 JAMES PASQUALE: Thank you.

10 KAREN DELINCE: Ronald Lee.

11 RONALD LEE: Good

12 afternoon. My name is Ronald Lee, and I am the
13 Plant Manager at the DuPont Yerkes plant, which is
14 located in Buffalo. I am appearing today as a
15 representative of not only the Yerkes site, but also
16 the DuPont facility here in Niagara Falls.

17 The continuing viability of these
18 two plants is critically important to DuPont and our
19 customers. More important to today's proceeding,
20 however, is the fact that approximately nine hundred
21 men and women work for DuPont at both the Yerkes and
22 Niagara sites combined. These people, and indeed
23 numerous other Western New York residents who work
24 for businesses that provide local goods and services
25 to the two plants, depend on these two sites for all

1 or a portion of their incomes.

2 While the Yerkes and Niagara
3 plants produce different products and serve totally
4 different customers, their futures are largely
5 impacted by a common factor, and that's hydropower.
6 The businesses that these plants serve are subject
7 to intense cost competitiveness, and face
8 international competitors, but also competition
9 within DuPont, because source and option for these
10 products exist at other DuPont facilities. Put
11 simply, the extension of the NYPA Replacement and
12 Expansion Power electricity contracts is critical to
13 DuPont's ability to maintain the financial viability
14 of our two plants in the Western New York
15 facilities, which is why I am here today to voice
16 support for the extensions that have been
17 recommended by NYPA.

18 Many products have been invented
19 and produced at the site, including well-known
20 products such as cellophane, rayon and Corian.
21 Corian is a solid surface material that is used in
22 numerous applications, including bathrooms and
23 kitchens in people's homes, health care facilities,
24 retail locations and public spaces, and most
25 currently in Europe and Asia.

1 Tedlar is used in numerous
2 applications, including aircraft and interior
3 design, but one of the most exciting uses of Tedlar
4 film is as backsheet material for photovoltaic
5 modules. Tedlar films are preferred as the backing
6 sheet material for photovoltaic modules because of
7 their excellent strength, weather resistance, UV
8 resistance, and moisture barrier properties. Tedlar
9 films have a proven track record in the field, and
10 we expect the demand for Tedlar to continue to grow.

11 At Niagara, the DuPont site
12 producing sodium and lithium metal products was
13 first constructed in 1896, and has been operated by
14 DuPont since 1930. The Niagara plant is the last
15 remaining sodium plant in the U.S., and is still
16 among the three largest metal plants in the world,
17 possessing good economies of scale. Sodium and
18 lithium metal products are used in important
19 industries such as silicon for solar panels,
20 lightweight titanium, lithium batteries and bio-
21 diesel fuels. Although these industries are exciting
22 growth markets, the costs for the materials to
23 support their manufacturing are highly competitive.
24 Other global manufacturers who compete with us to
25 produce sodium and lithium metal are supported both

1 by hydroelectricity and nuclear power within the
2 foreign countries and states in which they reside.
3 DuPont is committed to the sodium and lithium
4 business at Niagara, and plans significant
5 reinvestments in the assets, but needs advantaged
6 power costs to compete.

7 As I mentioned previously,
8 approximately nine hundred men and women work for
9 DuPont at the Yerkes and Niagara plants. Many of
10 these people are union contractors who are
11 represented by the Plumbers and Steamfitters Local
12 22, the IBEW Local 41, the Ironworkers Local 6, and
13 the United Steelworkers Local 6992 and Local 4-5025.

14 DuPont and its employees also are
15 involved with several local charities, such as the
16 United Way Day of Caring, the Roswell Cancer
17 Institute Ride for Roswell, the American Diabetes
18 Association for Buffalo/Niagara, Breast Cancer
19 Awareness, and Habitat for Humanity of Buffalo. On
20 a personal level, I serve as a board member of the
21 Buffalo/Niagara YMCA.

22 We are very active in reducing our
23 environmental footprint; indeed, the Yerkes site won
24 a 2009 DuPont Sustainable Excellence Award for
25 decreasing the plant's manufacturing waste by

1 seventy-five percent. By 2012, it is the goal of
2 the Yerkes plant to have zero manufacturing waste
3 going to landfills.

4 On behalf of DuPont, the employees
5 at our two Western New York plants, our many
6 suppliers in the region, and the charitable and
7 civic organizations that we help support, we urge
8 the New York Power Authority Trustees and the
9 Governor to approve the contract extensions. Thank
10 you.

11 JAMES PASQUALE: Thank you.

12 KAREN DELINCE: Thank you, Mr.
13 Lee. Brian Mellett.

14 BRIAN MELLETT: Good
15 afternoon. My name is Brian Mellett, and I am the
16 Western New York Plant Manager for the Unifrax
17 facilities in Tonawanda and Sanborn. With me today
18 is Woody Cummings, a Committee Person for the United
19 Steelworkers Union Local 4-2058. We are here today
20 to support the proposed extensions of the
21 Replacement and Expansion Power contracts.

22 Unifrax has sixteen worldwide
23 manufacturing locations, with facilities located in
24 the United States, Europe, Asia, Australia and Latin
25 America. We are proud that one of Unifrax's

1 manufacturing facilities is located in Tonawanda,
2 and another in Sanborn, with our corporate
3 headquarters located nearby in Niagara Falls.

4 The Uni frax facility in Tonawanda
5 has been in operation for twenty-one years, with a
6 long history prior to that as Carborundum in Niagara
7 Falls. The Sanborn facility has been in operation
8 for twenty-eight years. The men and women who work
9 at Uni frax are highly skilled with good-paying and
10 dependable jobs. The Tonawanda plant is a primary
11 manufacturer of support mat materials for catalytic
12 converters, and other devices used to reduce and
13 control vehicle emissions, as well as high
14 temperature insulation materials used to reduce
15 power consumption in processes such as steel and
16 glass manufacturing. The Sanborn facility also
17 makes high-temperature insulation products in
18 various forms including ropes and blankets.

19 Looking across our product
20 portfolio, it is estimated that sixty percent of our
21 sales are to green applications, and for every unit
22 of energy consumed to manufacture our products, ten
23 units of energy are saved in end applications.

24 Uni frax not only has two thousand
25 seven employees between Tonawanda and Sanborn, it

1 also has eighty-eight employees at its corporate
2 headquarters in Niagara Falls.

3 In addition, we support the local
4 economy through purchases of goods and services from
5 local contractors and suppliers. Some examples of
6 such organizations are Eaton Office Supply, Danforth
7 Mechanical, Norampac Industries, Uni first Uni forms,
8 and Uni var Chemical.

9 Uni frax and its employees also are
10 involved with local charities, such as the United
11 Way of Greater Niagara, the Boys and Girls Club of
12 Niagara, American Red Cross, Family and Children's
13 Services, Make-A-Wish, and many others.

14 The contributions that Uni frax and
15 the other Replacement and Expansion Power customers
16 make to the local economy are significant.

17 But Uni frax, like all
18 manufacturers today, is faced with global
19 competition. We compete with facilities that are
20 located in other parts of the country and the world
21 where the cost of doing business is less than it is
22 in New York State. It is the NYPA hydropower that
23 helps keep us competitive in a global economy, and
24 to continue doing business here Uni frax needs a
25 long-term supply of low-cost hydropower to help keep

1 us competitive. The proposed contract extensions,
2 which would make the hydropower available to Unifrax
3 until 2020, positions Unifrax to continue to operate
4 in Western New York.

5 The importance of the contract
6 extensions to Unifrax cannot be overstated. On
7 behalf of the union members, management, and other
8 Unifrax employees throughout Western New York, we
9 urge the New York Power Authority Trustees and the
10 Governor to approve the contract extensions. Thank
11 you.

12 KAREN DELINCE: Thank you.

13 JAMES PASQUALE: Thank you.

14 KAREN DELINCE: Dennis

15 Eisenbeck. Tim Balkin.

16 TIM BALKIN: Good

17 afternoon. My name is Tim Balkin, and I am
18 Treasurer for Moog, Inc., in Elma.

19 Moog has called Western New York
20 home since our founding in 1951, and today we employ
21 approximately twenty-seven hundred people in Western
22 New York, designing and manufacturing motion control
23 actuators and systems for military and commercial
24 aircraft, space launch vehicles, satellites, flight
25 simulators and sophisticated industrial machinery.

1 Our customers include companies such as Boeing,
2 Airbus, Lockheed Martin, NASA and CAE, among others,
3 and our employees include highly-trained and skilled
4 engineers, machinists, assemblers and technicians.
5 We have an extensive network of suppliers throughout
6 New York State, while the vast majority of revenues
7 for our East Aurora operations come from outside New
8 York State. We have also made substantial
9 investments in our Western New York facilities over
10 the last several years, spending in excess of
11 twenty-five million dollars on building expansions
12 alone for our aircraft, space and defense and
13 industrial businesses. Our compensation and benefit
14 costs in Western New York are in excess of two
15 hundred twenty million dollars annually.

16 Electric power is a significant
17 manufacturing cost for Moog. With manufacturing
18 facilities in over twenty-five locations around the
19 United States and the globe, our manufacturing
20 managers are keenly aware of the comparative costs
21 and reliability of electric power. Without an
22 allocation of low-cost hydropower from NYPA, our
23 East Aurora power costs would be higher than the
24 power costs at many of our facilities throughout the
25 world, not to mention the power costs at many of our

1 competitors' facilities.

2 Moog also is involved with
3 programs, primarily in the aircraft business, that
4 can run as long as forty to fifty years, frequently
5 involve significant R&D investment, and often have
6 periods where production prices are fixed over
7 several years. Accordingly, securing low-cost
8 hydropower for extended periods is an important
9 element in maintaining both our competitive
10 position, as well as providing a measure of cost
11 certainty on our long life cycle programs.

12 Moog also has a substantial
13 presence in the energy business through our gas and
14 steam turbine products, and in the past two years, a
15 growing presence in the wind energy market. While
16 our wind energy business today is concentrated in
17 Europe and Asia, we are currently investigating
18 building our wind turbine capabilities in our
19 Western New York operations. With regard to energy
20 efficiency, Moog has made substantial energy-
21 efficiency investments through the purchase of more
22 energy-efficient machining centers, and two point
23 two million dollars invested in updating the
24 electrical infrastructure in every building on our
25 East Aurora campus.

1 With regard to charitable and
2 educational organizations in Western New York, Moog
3 and its employees contribute approximately one point
4 two million dollars annually. Our company has long
5 encouraged our employees to become actively involved
6 in community activities. Many Moog employees serve
7 on numerous not-for-profit boards of directors, and
8 volunteer their time supporting a host of community
9 organizations.

10 In closing, it is essential to our
11 company and our employees, and for Western New York,
12 that these contract extensions be approved.

13 Thank you for your time. We would
14 like to thank the New York Power Authority for their
15 efforts as well.

16 JAMES PASQUALE: Thank you.

17 KAREN DELINCE: Thank you.

18 Dennis Elsenbeck.

19 DENNIS ELSENBECK: Good
20 afternoon. My name is Dennis Elsenbeck, and I am a
21 Regional Director for National Grid.

22 I want to thank you for this
23 opportunity to be heard on the issue of
24 hydroelectric contract extensions for Replacement
25 and Expansion Power customers.

1 As you know, National Grid is the
2 primary delivery mechanism that brings the resource
3 that is low-cost hydropower to the Replacement Power
4 and Expansion Power customers in this region. Our
5 history in providing energy to these industries and
6 their predecessors predates that even of the New
7 York Power Authority, going back to the days of the
8 Schoellkopf plant, and before that, the Adams
9 station just a few miles up the Niagara River from
10 here.

11 These are National Grid customers,
12 in addition to being Power Authority customers. We
13 know firsthand the needs of energy-intensive
14 industrial companies in this region, of which there
15 are many. The Replacement Power and Expansion Power
16 recipients are, for the most part, participants in
17 global markets competing against companies, and
18 sometimes entire countries, operating with all
19 manner of subsidies designed to offer a competitive
20 edge.

21 Replacement Power and Expansion
22 Power represent a competitive edge for these
23 industries, our customers, allowing them a leg up in
24 what is increasingly a global market for so many of
25 their products. A stable energy supply at stable,

1 predictable prices is important for all of our
2 customers, but especially those for whom electricity
3 is something of raw material, critical to their
4 processes, operations and ultimate success.

5 Many of these contract recipients
6 are also on the list of the region's largest
7 employers, many of whom are also National Grid
8 customers when they sign out for the day and return
9 to their homes.

10 As you know, Western New York has
11 been hit particularly hard by recessionary times,
12 and stable, good-paying jobs are at a premium here.
13 Many of the best employment opportunities remain
14 here with these industries, in part as a result of
15 their Replacement and Expansion Power contracts.

16 National Grid promotes the
17 efficient use of energy with all our customers, and
18 clearly, the uses for a precious resource, such as
19 Niagara hydropower must be carefully and cautiously
20 thought out. In our view, the Replacement and
21 Expansion Power contracts under consideration today
22 provide a clear benefit to the recipients, but there
23 is a clear benefit to this region in the way of
24 jobs, payroll, taxes and global competitiveness in
25 return.

1 Again, we appreciate this
2 opportunity to be heard on this important issue, and
3 will close by expressing support for the extension
4 of the Replacement Power and Expansion Power
5 contracts under consideration today. Thank you for
6 your time.

7 KAREN DELINCE: Thank you.

8 JAMES PASQUALE: Thank you.

9 KAREN DELINCE: Next we have
10 Senator George Maziarz.

11 SENATOR MAZIARZ: Thank you very
12 much. Good afternoon, everyone. I am proud to have
13 represented this area in the State Senate since
14 1995. I also currently serve as Chairman of the
15 Senate Energy and Telecommunications Committee.

16 I thank you very much for letting
17 me speak today. This is not the first time I've
18 made my views known to the New York Power Authority,
19 nor, I assure you, will it be the last.

20 I'm here today to speak in support
21 of the extension of current, low-cost hydropower
22 contracts between the Power Authority and key
23 Western New York manufacturers, many of whom are
24 members of Power for Economic Prosperity.

25 I have long maintained that the

1 Niagara Power Project is the best tool we have for
2 promoting economic development here in Western New
3 York. The low-cost hydropower generated at this
4 facility, the largest of its kind in the northeast,
5 should be made available to local and energy-
6 intensive industries in a special way, so that our
7 region can be a competitive place in which to do
8 business.

9 According to the Power Authority's
10 own estimates, the current Expansion and Replacement
11 Power contracts set to expire in the next two or
12 three years impact dozens of major employers, and
13 over twenty-eight thousand local jobs. Extending
14 these contracts to 2020 will provide these customers
15 with a degree of predictability in the important
16 production variable of energy costs. With these
17 longer hydropower commitments, these customers will
18 be free to make other plans to grow and expand their
19 operations, and most importantly, retain and create
20 jobs.

21 Some observers would prefer we
22 abandon our manufacturing sector, but we cannot do
23 that. The big companies we're talking about here
24 today, including Olin, DuPont, Occidental, Praxair,
25 Saint-Gobain and General Motors, are central to our

1 communities, the hardworking men and women they
2 employ, and the families they support. Smaller
3 companies, companies in my district, like Niagara
4 Sheets, Confer Plastics, Rubberform and Western New
5 York Energy, are making investments and doing
6 exciting things to reach new heights of success.
7 All in all, our manufacturing base, which has been
8 so important to the history of Western New York and
9 the nation, is not just a thing of the past. There
10 are dynamic possibilities for the future which we
11 cannot ignore.

12 In closing, let me just state that
13 many of you know I could speak for hours about what
14 the Power Authority can and should be doing for
15 Western New York. I could also speak about what
16 they're not doing for Western New York. Indeed, the
17 extension of these hydropower contracts offers just
18 one of many opportunities for the Power Authority to
19 be more accountable to the people of Niagara County
20 and Western New York. But for now, I will stay on
21 topic and reiterate my support for promoting
22 economic development in Western New York through the
23 extension of these hydropower contracts. I strongly
24 encourage swift and positive action. Thank you very
25 much.

1 KAREN DELINCE: Thank you.

2 JAMES PASQUALE: Thank you.

3 Next we have Scott Kuppinger.

4 SCOTT KUPPINGER: My name is
5 Scott Kuppinger, and I am the Business Manager at
6 the Saint-Gobain Boron Nitride facility in Amherst.
7 With me today is Jean Rensel, who is our HSE and
8 facility manager. We are here today to support the
9 proposed extensions of the Replacement Power and
10 Expansion Power contracts. I represent, and I speak
11 for Saint-Gobain Boron Nitride in Amherst, along
12 with Mr. Asbach, and we represent almost one
13 thousand employees of Saint-Gobain throughout
14 Western New York. Saint-Gobain Boron Nitride is a
15 high-technology manufacturer that has been operating
16 in Western New York for over thirty years. The
17 fifty-five men and women who work at the Saint-
18 Gobain Boron Nitride facility in Amherst have
19 highly-skilled employees with good-paying jobs.

20 Our plant in Amherst is currently
21 the only Saint-Gobain facility worldwide
22 manufacturing hexagonal boron nitride ceramics. Our
23 products are used all over the world in a variety of
24 applications, from steel mills to high-tech
25 electronic circuits, to cosmetic powders. An

1 exciting green technology that we are involved with
2 is LED lighting, as well as new, energy-efficient
3 methods to produce steel.

4 The Amherst plant is a significant
5 contributor to the local economy. We purchase many
6 of our goods and services locally. In 2008, we
7 invested millions of dollars in new production
8 equipment, with the majority of the capital
9 equipment and installation work supplied by local
10 OEMs and contractors. Our employees live here, and
11 the money they earn supports the local economy. In
12 addition, Boron Nitride and its employees are
13 involved with local charities, like the United Way,
14 Gateway, and many others.

15 The production of boron nitride is
16 a very energy-intensive process, and electrical
17 power is considered one of our key raw materials.
18 In order to effectively compete with both domestic
19 and international competitors, who often have a much
20 lower-cost wage and regulatory structure, it is
21 critical that the Amherst facility secure a long-
22 term supply of low-cost hydropower. Knowing that
23 hydropower will be available through 2020 makes it
24 possible to continue to grow and invest in Western
25 New York.

1 It is essential to Saint-Gobain
2 Boron Nitride, its employees, and the region, that
3 the contract extensions be approved. The extended
4 contracts will help the region retain and grow high-
5 technology manufacturers, like Saint-Gobain Boron
6 Nitride, and the contributions that they and their
7 employees make to the local economy.

8 On behalf of all of the employees
9 at Saint-Gobain Boron Nitride employees in Amherst,
10 as well as the nearly one thousand Saint-Gobain
11 employees in Western New York, we urge the Power
12 Authority and the Governor to approve the contract
13 extensions. Thank you.

14 JAMES PASQUALE: Thank you.

15 KAREN DELINCE: Thank you.

16 John Pace.

17 JOHN PACE: Good
18 afternoon. My name is John Pace, and I am a Sales
19 Representative at Cintas in Lancaster, New York. I
20 am here today to support the proposed extensions of
21 the Replacement Power and Expansion Power contracts.

22 Cintas has been located in Western
23 New York for over fifteen years. Cintas started as
24 a small business servicing shop towels, and has
25 become the largest supplier of uniform and facility

1 services in North America. Today, Cintas has a
2 hundred thirty employees in Western New York.

3 We rent uniforms to both large and
4 small businesses. We also rent floor mat services,
5 restroom products and services, first aid and safety
6 products and training, fire protection and document
7 management.

8 Many of the hydropower customers
9 are Cintas' customers; for example, Praxair,
10 Goodyear Dunlop, DuPont, Linde, Washington Mills,
11 North American Hoganas and OxyChem. These
12 manufacturers are important to our business.

13 Retaining the hydropower companies
14 and the positive contributions that they make to the
15 local economy is vitally important to the region.
16 They provide good jobs, use local suppliers, and are
17 involved in community activities. Approval of the
18 contract extensions will help retain these
19 businesses, which in turn, helps to retain
20 businesses like ours.

21 On behalf of Cintas and our
22 employees, I urge the Power Authority and the
23 Governor to approve the proposed contract
24 extensions. Thank you very much.

25 JAMES PASQUALE: Thank you.

1 KAREN DELINCE: Thank you.

2 Bill Delnicki.

3 BILL DELNICKI: My name is
4 Bill Delnicki, and I am one of the Vice Presidents
5 at Conestoga-Rovers & Associates or CRA in Western
6 New York. I am here today to support the proposed
7 extensions of the Replacement Power and Expansion
8 contracts.

9 CRA has been doing business in
10 Western New York for over thirty years. The
11 business, which was started in 1976, has grown from
12 a small engineering firm to a business that has over
13 two hundred employees in Western New York, located
14 in our Niagara Falls office, which is our U.S.
15 headquarters, and in our Buffalo office. CRA is a
16 full-service engineering, environmental,
17 construction and IT services firm with over ninety
18 offices and over three thousand employees in North
19 America, South America and Europe.

20 Many of the hydropower customers
21 are our clients. This list includes firms such as
22 OxyChem, Niacet, Olin, Saint-Gobain, and the Niagara
23 Falls Water Board in Niagara County, and General
24 Motors, Ford, Buffalo Tungsten, DuPont, Praxair,
25 Goodyear Dunlop, FMC, Uni Frax and American Axle in

1 Erie County. It is important to our business that
2 these companies stay in Western New York. Approval
3 of the proposed contract extensions will help the
4 region retain these manufacturers and the
5 contributions that they and their employees make to
6 the local economy. Retaining these businesses helps
7 to retain businesses like ours.

8 On behalf of Conestoga-Rovers &
9 Associates and our employees, I urge the Power
10 Authority and the Governor to approve the proposed
11 contract extensions. Thank you.

12 JAMES PASQUALE: Thank you.

13 KAREN DELINCE: Thank you.

14 Next we have Greg Biryła on behalf of Assemblyman
15 Jack Quinn.

16 GREG BIRYLA: Thank you. I
17 would like to also just restate what everyone is
18 saying. On behalf of Assemblyman Jack Quinn, I
19 support the extension of current contracts and cheap
20 and accessible hydropower in Western New York. And
21 it is absolutely critical to the sustainability of
22 the area, particularly the manufacturing sector,
23 especially in southern Erie County, which Jack
24 represents the Ford Stamping Plant, which is a large
25 manufacturing facility, and many others like it,

1 that absolutely rely on these contracts being
2 extended.

3 I urge NYPA and the Governor to do
4 so on behalf of Assemblyman Quinn.

5 KAREN DELINCE: Thank you, Mr.
6 Biryła. Is there anyone else present who would like
7 to make an oral statement?

8 HADLEY HORRIGAN: My name is
9 Hadley Horrigan. I am Vice President of Buffalo
10 Niagara Partnership.

11 Low-cost power, and specifically
12 Replacement Power and Expansion Power, is an
13 absolutely critical tool in our region's economic
14 development toolbox. It is also a precious asset
15 that must be invested wisely and put to its highest
16 and best use. I thank you on behalf of the Buffalo
17 Niagara Partnership's twenty-five hundred local
18 employers of more than two hundred thousand people,
19 for taking comments today and carefully considering
20 the extension of RP and EP contracts.

21 Nearly thirty thousand jobs depend
22 on the RP and EP contracts NYPA has with companies
23 in our region. Many of these companies, which are
24 located in Niagara, Erie, Orleans and Chautauqua
25 counties, have employed generations of workers in

1 Buffalo Niagara, and are major investors in the
2 communities in which they reside. Their
3 contribution to our region is tangible, significant,
4 and in a number of cases, irreplaceable.

5 RP and EP is vital to the economy
6 of Buffalo Niagara, and the whole of New York State,
7 for that matter. That is why it is important that
8 the NYPA Board of Trustees value not only job
9 creation when considering contracts, but must weigh
10 other important factors, such as the company's role
11 in the local and statewide supply chain, and the job
12 retention supported by that supply chain.

13 Simultaneously, the NYPA Board
14 must take into consideration that RP and EP, when
15 available, that is, when allocated, is an unmatched
16 business attraction, expansion and retention tool
17 for companies not already in the program. This must
18 be balanced carefully with the existing companies
19 and existing jobs the power supports.

20 We believe that the most objective
21 way to do this is to evaluate each contract
22 individually, using criteria recommended by the 2006
23 Temporary Commission on the Future of New York Power
24 Programs, which includes: contribution of
25 competitively-priced power to firm's viability, job

1 attraction and retention, total payroll, capital
2 investment, energy efficiency, New York State net
3 economic impact, significance to local/regional
4 economy, including the role in supply chain and
5 regional economic vitality relative to New York
6 State.

7 If that criteria is applied
8 consistently, we believe existing RP and EP
9 recipients will obtain allocation amounts that
10 address their needs and recognize their critical
11 contribution to the local economy. It could also
12 yield, when appropriate and if the criteria
13 dictates, some hydropower for the attraction,
14 expansion and retention of other firms.

15 It's a tightrope walk to be sure,
16 balancing jobs-in-hand with a strategic focus on our
17 region's future economy, a desire to attract green
18 jobs, clean up brownfields, and set the foundation
19 for sustainable employment for generations to come.

20 Let me be very clear, the
21 Partnership believes the vast majority, if not all,
22 of those companies currently receiving RP and EP can
23 be part of that sustainable employment base for
24 future generations, and thus, should continue to
25 receive allocations.

1 We are asking the NYPA Board,
2 however, to apply consistent criteria to all
3 contracts to ensure that each kilowatt hour of
4 hydropower is used to its full advantage. And we
5 want the Trustees to understand that should NYPA's
6 review of contracts yield some amount, no matter how
7 small, of hydropower, it must stay within the thirty
8 mile radius of the Niagara Power Project, and will
9 be put to good use.

10 You may recall that one megawatt
11 helped close the Geico deal here.

12 Currently, the Buffalo Niagara
13 Enterprise, our sister organization, which focuses
14 on business attraction, has eleven active projects.
15 These are good projects with real interest in our
16 region, that come from the renewable energy
17 industry, other advanced manufacturing sectors and
18 that include brownfield cleanups and strong job
19 creation as part of their plans. Together these
20 projects represent potential private sector
21 investments of up to seven hundred million dollars
22 here, and the creation of nearly twenty-two hundred
23 new jobs. To land these projects, we, as a region,
24 currently have approximately thirty megawatts of RP
25 and EP available, while the projects would likely

1 require total allocations closer to a hundred
2 forty-five megawatts. I am not suggesting our
3 region will land all of these projects, I provide
4 them to offer a sense of scale.

5 And while I have NYPA's ear, I
6 always have to state for the record that Buffalo
7 Niagara must continue to receive its full amount of
8 EP and RP, as originally intended by Congress.

9 Moreover, I want to urge the Board
10 of Trustees to support a piece of legislation that
11 passed the assembly and senate this session, which
12 would allow our region to get more out of our
13 regional asset of Replacement and Expansion Power by
14 keeping proceeds here.

15 Thank you for your attention and
16 the opportunity to speak.

17 JAMES PASQUALE: Thank you.

18 KAREN DELINCE: Thank you. Is
19 there anyone else here who would like to make an
20 oral statement? There being no one else present at
21 this time who would like to make an oral statement,
22 I declare the hearing officially adjourned until
23 seven this evening.

24 Please remember that the record of
25 the hearing will remain open until tomorrow, Friday,

1 July 16th at five P.M. for submissions of written
2 statements. Thank you.

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