

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

December 17, 1996

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A regular meeting of the Economic Development Power Allocation Board was held at the Authority's New York City offices at 2:30 p.m.

The following Members of the Board were present:

1. Thomas R. Frey, Acting Chairman
2. H. Douglas Barclay
3. James A. Duncan

Also in attendance were:

Joseph J. Carline	Assistant General Counsel, NYPA
Laurence W. Frech	Assistant Director - Information, NYPA
Michael J. Huvane	Account Executive, NYPA
Peter E. Masilotti	Account Executive, NYPA
James F. Pasquale	Manager - Marketing and Economic Development, NYPA
James H. Yates	Director – Business Power Allocations and Compliance, NYPA
Michael Bloome	Assistant Vice President - New York City Public Utility Service
Anne Wagner-Findeisen	Corporate Secretary, NYPA
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs, NYPA

Acting Chairman Frey presided at the meeting and Ms. Wagner-Findeisen kept the minutes.

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2. Adoption of Minutes

The minutes of the meeting of June 25, 1996 were unanimously adopted by those members of the Board present.

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3. **IBM - T. J. Watson Research Center - Extension of Contract Term**

Following consideration of the application for an extension submitted by Westchester County on behalf of T. J. Watson Research Center, the members of the Board present voted unanimously to adopt the following resolution:

RESOLUTION

WHEREAS, a recommendation for the allocation of 16,000 kW of Economic Development Power to IBM Thomas J. Watson Research Center ("TJWRC") for business revitalization purposes was made by the Board at its meeting of June 8, 1994; and

WHEREAS, the Power Authority of the State of New York has provided 15,000 kW of such power to TJWRC since December, 1994, which allocation will end on December 31, 1997; and

WHEREAS, TJWRC has requested a two-year extension to the term of such allocation; and

WHEREAS, the normal recommended term for allocations for business revitalization purposes made by the Board is of five years duration; and

WHEREAS, TJWRC has made significant progress in the business revitalization goals which were presented to the Board at its meeting of June 8, 1994; and

WHEREAS, an allocation of 15,000 kW for business revitalization would result in a ratio of 175 jobs per MW for business revitalization;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 185 of the economic Development Law that the applicant has formulated and is implementing a business revitalization plan; and be it further

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RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 15,000 kW to applicant TJWRC for a term ending December 31, 1999 and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- applicant is to maintain a total of 2,800 jobs for revitalization purposes.

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4. Ellanef Manufacturing Corporation - Modifications to New York City Public Utility Service Agreement

The members of the Board present considered a request from the New York City Public Utility Service Agency (NYCPUS) to modify the Economic Development Power (EDP) allocation to Ellanef Manufacturing Corporation (Ellanef) as follows: (1) to extend the term of the service agreement between NYCPUS and Ellanef (and thus the term of the EDP allocation); (2) to change the address of the points of delivery for the power; and (3) to increase the power allocation by 100 kW.

Previously, at its meeting of November 9, 1993, the Board approved an allocation of 1,600 kW of EDP to Ellanef of Queens, New York. Subsequently, at their meeting of December 16, 1993, the Trustees of the New York Power Authority approved that same allocation.

Mr. Massilotti explained that the request to extend the contract and allocation to June 30, 2012 is consistent with the majority of EDP allocations in New York City under arrangements through NYCPUS. The request to transfer the delivery points (street addresses for receipt of power) is a common request in the normal course of business. The request to raise the allocation by 100 kW is a minor change and is supported by an increase in the job commitment from 327 to 335 jobs. The overall job commitment of 335 for 1,700 kW results in a jobs/MW ratio of 197.

Staff recommended that: the allocation term be extended to June 30, 2012, the allocation amount be raised to 1,700 kW; and that the delivery points be modified in accordance with the October 18, 1996 letter from NYCPUS (Exhibit "A").

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

RESOLUTION

WHEREAS, previously, on November 9, 1993, the Economic Development Power Allocation Board (EDPAB) approved an allocation of 1,600 kW of EDP to Ellanef of Queens, New York; and

WHEREAS, on December 16, 1993, the Trustees of the New York Power Authority approved that same allocation; and

WHEREAS, the Power Authority of the State of New York has provided 1,600 kW of such power to Ellanef Manufacturing Corporation since January 1, 1994, which allocation will end on December 31, 1997; and

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WHEREAS, Ellanef has requested a two-year extension to the term of such allocation; and

WHEREAS, Ellanef has further requested a change in address of the points of delivery for the EDP; and

WHEREAS, Ellanef has also requested an increase in the power allocation by 100 kW; and

WHEREAS, an allocation of 1,700 kW would increase Ellanef's job commitment from 327 to 335 jobs and would result in a ratio of 197 per MW for job retention purposes;

NOW THEREFORE BE IT RESOLVED, That the request of Ellanef for changes in its points of delivery as set forth in the letter of October 18, 1996 from the New York City Public Utility Service (Exhibit AA@ be, and hereby is, approved; and be it further

RESOLVED, That the request of Ellanef for an increase in the allocation of economic development power from 1,600 kW to 1,700 kW be, and hereby is, approved; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 1,700 kW to Ellanef for a term ending on June 30, 2012 and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- **Ellanef is to maintain a total of 335 jobs.**

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5. Economic Development Plan for the Use of Industrial Incentive Awards

The members of the Board present approved an Economic Development Plan (APlan@ for 1996 submitted by the Power Authority of the State of New York (AAuthority@ for the use of industrial incentive awards pursuant to Section 188 of the Economic Development Law (AEDL@.

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

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

In connection with approval of an application for power submitted on behalf of Chase Manhattan Bank, the Power Allocation Board approved a resolution on December 1, 1988 that concluded:

NOW THEREFORE BE IT RESOLVED, That the Board hereby endorses the use, to the extent necessary, of approximately \$83 million of available industrial incentive awards for the purpose of assisting Power Authority efforts to contain future FitzPatrick production rate increases to an average of no more than 5 percent every other year for all industrial, business, and Economic Development Power customers of the plant; and be it further

RESOLVED, That this Board hereby recommends that a future Board act affirmatively on any economic development plan submitted to it subsequently by the Authority to the extent it provides for such use of industrial incentive awards.

At their meeting of April 30, 1996, the Trustees of the Authority approved for a five year period, Plans that provide for the use of net revenues from the sale of Expansion Power which support industrial rates of the James A. FitzPatrick Nuclear Power Plant (AFitzPatrick@. The Power Allocation Board previously approved Plans submitted annually by the Authority for 1990

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through 1994, that provided for such use of the net revenues. Through calendar year 1994, the Authority has reported net revenues cumulating to \$20,156,000.

The costs of producing Economic Development Power (AEDP@ are greater than the revenues produced by such sales. The Authority last increased the rates for industrial customers of the FitzPatrick Plant, including EDP customers, by an average of 5 percent effective January 1, 1993. FitzPatrick rates were revised previously in 1990 and 1991. There were no rate increases for 1994 and 1995.

In order to continue to market EDP on a competitive basis consistent with the aim of the legislation creating the Power Allocation Board, the rates for FitzPatrick power must be kept low enough to be of sufficient economic incentive for industries to locate or expand in New York State. Cumulative net revenues of \$20,156,000 produced through 1994, were utilized in conformance with Plans approved by the Power Allocation Board to support industrial rates of the FitzPatrick Plant.

In calendar year 1995, net revenues of \$9,655,000 were produced from the sale of Expansion Power.

Staff recommended that the Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 1995 from the sale of Expansion Power to support industrial rates of the James A. FitzPatrick Nuclear Power plant as described herein.

The following resolution was unanimously adopted by those members of the Board present:

RESOLUTION

NOW THEREFORE BE IT RESOLVED, That the Board hereby determines that the Economic Development Plan for 1996, which is submitted by the Authority, and its implementation is consistent with the criteria and requirements provided for in Sections 184 and 185 of the New York Economic Development Law and in Part 370 of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York; and be it further

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

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6. Status of Approved Applications

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7. **Summary of Action on Applications**

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8. Next Meeting

It was agreed that the next meeting of the Board would be held at such time as new applications for power are available for consideration.

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9. Closing

On motion duly made and seconded, the meeting was closed at 3:00 p.m.