

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

July 29, 1997

	<u>Subject</u>	<u>Page No.</u>	<u>Exhibit</u>
1.	Quorum and Attendance	2	
2.	Approval of Minutes of Meeting of December 17, 1996	4	
3.	“POWER FOR JOBS PROGRAM” – Delegation of Authority to Chairman To Initiate the Program	5	
4	Oak-Mitsui – Extension of Contract Term Rensselaer County Industrial Development Agency	7	
5.	Van Blarcom Closures, Inc. – Job Retention New York City Public Utility Service	9	
6.	Economic Development Plan for the Use of Industrial Incentive Awards	11	
OTHER BUSINESS			
7..	Status of Approved Applications	13	“7-A”
8.	Summary of Action on Applications	14	“8-A”
9.	Next Meeting	15	

July 29, 1997

A regular meeting of the Economic Development Power Allocation Board was held at the Authority's James A. FitzPatrick Nuclear Power Plant at 2:15 p.m.

The following Members of the Board were present:

1. Clarence D. Rappleyea - Chairman
2. H. Douglas Barclay
3. James A. Duncan

Also in attendance were:

Robert G. Schoenberger	President and Chief Operating Officer, NYPA
Charles M. Pratt	General Counsel, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
Louise Morman	Senior Vice President – Marketing and Economic Development, NYPA
John Hamor	Assistant Director – Intergovernmental Relations, NYPA
Michael J. Huvane	Account Executive, NYPA
Peter E. Masilotti	Account Executive, NYPA
James F. Pasquale	Manager - Business Power Allocations and Compliance, NYPA
Gary Paslow	Director – Policy Development, NYPA
James H. Yates	Director – Business Marketing and Economic Development, NYPA
Judith B. Shepard	Director – Large Commercial & Industrial Marketing & Sales - Niagara Mohawk Power Corporation
James J. Dillion	Manager – Marketing & Sales Central Division - Niagara Mohawk Power Corporation

Jeanne M. Jadwin	Manager, Marketing & Sales – Eastern Division - Niagara Mohawk Power Corporation
C. John Clemente	Counsel, NYPA
John L. Murphy	Director – Public Information, NYPA
Steve Shoenholz	Vice President – Public Relations, NYPA
Anne Wagner-Findeisen	Secretary, NYPA
Laura Badamo	Assistant Secretary – Legal Affairs, NYPA
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs, NYPA

Chairman Rappleyea presided at the meeting and Secretary Wagner-Findeisen kept the minutes.

July 29, 1997

2. Adoption of Minutes

The minutes of the meeting of December 17, 1996 were unanimously adopted by those members of the Board present.

3. **“POWER FOR JOBS PROGRAM” – Delegation of Authority to Chairman to Initiate the Program**

The members of the Economic Development Power Allocation Board (“EDPAB”) were requested to delegate to the Chairman the authority to initiate the necessary steps and measures to promptly implement the recently created Power for Jobs Program and related modifications to the Economic Development Law.

BACKGROUND

The delegation was proposed in contemplation of the Governor signing into law legislation establishing the Power for Jobs Program (the “Program”) and related modifications to the Economic Development Law, which will promote economic development within the State by making additional low cost power available to businesses and not-for-profit corporations. This Program expands on – but is distinct from – the successful Economic Development Power Program.

The legislation requires EDPAB to undertake certain measures which include, but are not limited to: establishing a competitive procurement process in consultation with the Department of Public Service for the acquisition of not less than two hundred megawatts of power; approving preliminary procedures for adopting new rules and regulations; and initiating proposed rule makings subject to final adoption by EDPAB.

DISCUSSION

The legislative intent necessitates that the Power for Jobs Program be implemented as expeditiously as possible by authorizing EDPAB to recommend allocations of power under the program, including two hundred megawatts of FitzPatrick power, and to establish a competitive procurement process for the acquisition of not less than two hundred megawatts of power. Accordingly, a number of initiatives should be promptly commenced by EDPAB including, but not limited to: consultations with the Department of Public Service to assist EDPAB in establishing the required competitive procurement process; approval of new rules, regulations and procedures consistent with the Program; approval of new applications for power under the Program power; authorization of the form and type of advertising for Program power, along with prompt solicitations of preliminary applications for the power; and such other measures as may be necessary or desirable to implement the Program.

RECOMMENDATION

It was recommend that the members of the Board authorize the Chairman to promptly initiate the implementation of the Power for Jobs Program and to undertake such acts and execute such documents as may be necessary or desirable to effectuate the legislation.

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

RESOLUTION

WHEREAS, in order for the people of the State of New York to promptly benefit from the soon to be created Power for Jobs Program, be it

RESOLVED, That the Chairman be and hereby is, authorized to promptly initiate the implementation of the Power for Jobs Program by entering into consultations with Department of Public Service to assist EDPAB in establishing the required competitive procurement process; approving applicable rules, regulations and procedures consistent with the Program; approving new applications for power; authorizing the form and type of advertisements for power along with prompt solicitations of preliminary applications for the power; and such other measures as may be necessary or desirable to implement the Power for Jobs Program.

July 29, 1997

4. Oak-Mitsui Corporation

Following consideration of the application for an extension submitted by Rensselaer County Industrial Development Agency on behalf of Oak-Mitsui Corporation, and staff's recommendation for approval of a five year extension of the existing 4 MW allocation be approved, the members of the Board present voted unanimously to adopt the following resolution:

RESOLUTION

WHEREAS, a recommendation for the allocation of 4 MW of Economic Development Power to Oak-Mitsui Corporation for business revitalization purposes was made by the Board at its meeting of October 22, 1992; and

WHEREAS, the Power Authority of the State of New York has provided 4 MW of such power to Oak-Mitsui Corporation since January 1, 1993, which allocation will end on December 31, 1997; and

WHEREAS, Oak-Mitsui Corporation has requested a five year extension to the term of such allocation; and

WHEREAS, Oak Mitsui has made significant progress in the business revitalization goals which were presented to the Board at its meeting of October 22, 1992; and

WHEREAS, an allocation of 4 MW for business revitalization would result in a ratio of 35 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 will implement a business revitalization plan; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 4 MW to applicant Oak-Mitsui Corporation for a term of five years, and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- applicant is to maintain a total of 140 jobs for revitalization purposes.

July 29, 1997

5. **Van Blarcom Closures, Inc.**

The Members of the Board considered the application for Economic Development Power for job retention purposes submitted on behalf of Van Blarcom Closures, Inc. ("VBC").

Mr. Pasquale explained that VBC is a privately owned manufacturer of plastic and metal child resistant caps and metal can fitments. The company is seeking assistance to expand at its present location. VBC has received numerous offers to relocate the company's operations to locations outside New York but wants to stay and expand at its present location if the company's costs of doing business can be lowered. Along with low cost financing provided by the New York City Industrial Development Agency ("IDA") and City sales tax credits, the allocation of low cost power to VBC would allow it to carry out its plan to expand in Brooklyn. The New York City Public Utility Service of the New York City Economic Development Corporation supports this application.

Staff recommended that an allocation of 1.3 MW for a term of ten years be approved for job retention purposes.

Following consideration of such application, the members of the Board present voted unanimously to adopt the following resolution subject to Board Member Frey's affirmative vote on the proposed allocation to be made at a future meeting of the Board.

RESOLUTION

WHEREAS, Van Blarcom Closures, Inc. has applied for an allocation Economic Development Power for job retention purposes; and

WHEREAS, an allocation of 1,300 kW would result in a ratio of 123 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of Section 187(g) of the Economic Development Law for job retention purposes; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 1.3 MW to applicant Van Blarcom Closures, Inc. for ten years and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- **applicant is to maintain a total of 123 jobs;**
- **such allocation shall be subject to the real property investment, the reduction of power, the energy conservation and the affirmative action provisions set forth in the Power Authority's standard form of contract for Economic Development Power.**

July 29, 1997

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

The members of the Board present approved an Economic Development Plan (APlan@ for 1997 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 a five plan that provides for the use of net revenues from the sale of Expansion Power which support industrial rates of the James A. Fitzpatrick Nuclear Power Plant ("Fitzpatrick"). The Power Allocation Board previously approved Plans submitted annually by the Authority for 1990 through 1995, that provided for such use of the net revenues. Through calendar year 1995, the Authority has reported net revenues cumulating to \$29,811,000.

The costs of producing Economic Development Power ("EDP") 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. There was no rate increase for 1994. Fitzpatrick rates were revised previously in 1990 and 1991.

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 \$29,811,000 produced through 1995, were utilized in conformance with Plans approved by the Power Allocation Board to support industrial rates of the Fitzpatrick Plant.

In calendar year 1996, net revenues of \$9,616,000 were produced from the sale of Expansion Power.

Staff recommended the Power Allocation Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 1996 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

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

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

WHEREAS, the Board, on December 1, 1988, endorsed the use, to the extent necessary, of approximately \$83 million of available industrial incentive awards for the purpose of assisting Authority efforts to contain future Fitzpatrick rate increases to an average of no more than five percent every other year for all industrial, business, and Economic Development Power customers of the plant; and

WHEREAS, the Board, on December 1, 1988, recommended that any Economic Development Plan submitted by the Authority in the future be approved

to the extent it provides for such use of industrial incentive awards; and

WHEREAS, the Authority has approved an Economic Development Plan for 1995 that provides for the use of net revenues from the sale of Expansion Power to support industrial rates of the Fitzpatrick Nuclear Power Plant and further, has authorized the submission of such Plan to the Board for its approval;

NOW THEREFORE BE IT RESOLVED, That the Board hereby determines that the Economic Development Plan for 1995, 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.

July 29, 1997

7. Status of Approved Applications

July 29, 1997

8. Summary of Action on Applications

July 29, 1997

9. 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.

July 29, 1997

9. Closing

On motion duly made and seconded, the meeting was closed at 2:30 p.m.