

***MINUTES OF THE REGULAR
MEETING OF
THE ECONOMIC DEVELOPMENT POWER
ALLOCATION BOARD
September 20, 1999***

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A regular meeting of the Economic Development Power Allocation Board was held at the New York City office of the Power Authority of the State of New York at 1633 Broadway, Board Room at 10:00 a.m.

The following Members of the Board were present:

Clarence D. Rapplelea - Chairman
Joseph M. DelSindaco
James A. Duncan

Also in attendance were:

Louise M. Morman	Senior Vice President – Marketing & Economic Development, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
James H. Yates	Director – Business Marketing and Economic Development, NYPA
Gary Paslow	Executive Director – Policy Development, NYPA
Vernadine E. Quan-Soon	Senior Assistant Secretary, NYPA
Laura M. Badamo	Assistant Secretary, NYPA
Michael Petralia	Vice President – Public Affairs, NYPA

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Chairman Rappleyea presided at the meeting and Ms. Quan-Soon kept the minutes.

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1. **Ratification of Power for Jobs Allocations to Curtis
Screw Corporation and Oberdorfer Industries**

Chairman Rappleyea asked Mr. Yates to summarize the two items from the June 22nd agenda which needed Mr. DelSindaco's ratification.

Board Member Joseph M. DelSindaco voted in favor of proposed Power for Jobs allocations to Curtis Screw Corporation and Oberdorfer Industries.

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2. **Adoption of Minutes**

The minutes of the meeting of June 22, 1999 were unanimously adopted by the Members of the Board present.

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3. **Job Commitment Revisions and Allocation Modification**

The members of the Board approved job commitment revisions to the 3 companies listed in Exhibit "A" and a modification to the power allocation awarded to Coca-Cola Bottling Company of New York.

The companies listed in Exhibit "A" had been recommended for a Power for Jobs allocation by the Economic Development Power Allocation Board ("EDPAPB"). Their allocation was based on their commitment to retain or create jobs as indicated in the application they submitted to the EDPAB. Subsequent to EDPAB approval but before entering into contract with the Power Authority, these companies requested that their job commitment be revised to more accurately reflect their existing employment levels. The revisions are mainly due to confusion in accounting for part time and seasonal employees. The job number changes are insignificant in total and do not require changes to the amount of the allocation.

In addition, the members of the Board approved a modification to the existing power allocation to Coca-Cola Bottling Company of New York (Coca-Cola Bottling). At their meeting on April 28, 1998, the Board members approved a 2,250 kW allocation to Coca-Cola Bottling for use at various sites in New York City and Westchester County. Subsequent to Board approval, but before entering into contract with the Authority, Coca-Cola Bottling entered into contract with Con Edison, accepting Con Edison's Industrial Employment Growth Credit for their sites in Elmsford, Westchester County and Maspeth, Queens. As a result, Coca-Cola Bottling is relinquishing 1,000 kW of its Power for Jobs allocation. The remaining 1,250 kW will be reallocated to the various sites in New York City and Westchester County. There is no change to the original commitment of 2,192 jobs.

Following consideration, the Board approved the revisions to the job commitments as listed in Exhibit "A", modifying the power allocation awarded to Coca-Cola Bottling Company of New York.

Exhibit "A"
September 28, 1999

Company	Allocation (kW)	Jobs As Reported	Jobs As Revised	Change	Revised Jobs/MW
Maloya Laser	75	20	19	-1	253
St. Clare's Hospital	650	861	740	-121	1,138
H&E Machinery, Inc.	350	156	116	-40	331
TOTALS:		1,037	875	-162	

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

The members of the Economic Development Power Allocation Board ("EDPAB") approved an Economic Development Plan ("Plan") for 1999 submitted by the Power Authority of the State of New York ("Authority") for the use of industrial incentive awards pursuant to Section 188 of the Economic Development Law ("EDL").

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

At their meeting of April 30, 1996, the Trustees of the Authority approved a five-year plan that provides for the use of net revenues from the sale of Expansion Power which support industrial rates of the James A. Fitzpatrick Nuclear Power Plant ("Fitzpatrick"). The EDPAB previously approved Plans submitted annually by the Authority for 1990 through 1995 that provided for such use of the net revenues. Through calendar year 1997, the Authority has reported net revenues cumulating to \$48,959,000.

The Authority last increased the rates for industrial customers of the Fitzpatrick Plant, including EDP customers, by an average of 5 percent effective January 1, 1993. There were no rate increases for the period 1994-1998. Late in

1998, rates were lowered by 10% to industrial and EDP customers that selected an Authority long-term contract option. The long-term contract option was selected by 87% of the customers that were eligible.

In order to continue to market EDP on a competitive basis consistent with the aim of the legislation creating the EDPAB, 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 \$48,959,000, produced through 1997, were utilized in conformance with Plans approved by the EDPAB to support industrial rates of the Fitzpatrick Plant.

In calendar year 1998, net revenues of \$10,062,000 were produced from the sale of Expansion Power.

Staff recommended that the EDPAB approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 1998 from the sale of Expansion Power to support industrial rates of the James A. Fitzpatrick Nuclear Power plant as described herein.

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

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

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

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

WHEREAS, the Authority has approved an Economic Development plan for 1998 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 1999, 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 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 foregoing report.

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5. Next Meeting

It was determined that the next meeting of the Board would be scheduled at a later date.

Upon motion duly made and seconded, the meeting was adjourned at 10:05 a.m.