

***ECONOMIC DEVELOPMENT POWER
ALLOCATION BOARD***

MINUTES

***New York Power Authority
30 South Pearl Street, 10th Floor
Albany, NY
September 16, 2002 – 12 P.M.***

1. Approval of Minutes of Meeting of October 3, 2001

APPLICATIONS FOR POWER FOR JOBS POWER

2. **Con Edison – Service Territory**

A. Stein Meat Products
Kings – Kings County

Dexter Chemical, LLC
Bronx – Bronx County

Intrepid Museum
New York – New York County

New York College of Podiatric Medicine
New York – New York County

Town Hall Foundation
New York – New York County

Zeluck, Inc.
New York – New York County

3. **Long Island Power Authority – Service Territory**

Aerospace Avionics (Smith's Aerospace)
Bohemia - Suffolk County

4. **Niagara Mohawk – Service Territory**

Intertek Testing
Cortland – Cortland County

Pivot Punch Corporation
Lockport – Niagara County

5. **New York State Electric & Gas – Service Territory**

American Pipe & Plastic
Binghamton – Broome County

Borg Warner Automotive Morse TEC
Ithaca – Tompkins County

Forsyth Industries
East Aurora – Erie County

Miner Institute
Chazy – Clinton County

Paul T. Freund Corp.
Palmyra – Wayne County

Purolator Products (Motor Components)
Elmira – Chemung County

6. **Rochester Gas & Electric – Service Territory**

Associated Textile Rental Services, Inc.
New Hartford – Oneida County

APPLICATIONS FOR ECONOMIC DEVELOPMENT POWER

7. **Niagara Mohawk – Service Territory**

Granny's Kitchens
Frankfort – Herkimer County

Huhtamaki Consumer Packaging, Inc.
Fulton - Oswego County

Middleport Cold Storage
Middleport – Niagara County

OTHER BUSINESS

8. Transfers of Economic Development and Power for Jobs Power
9. Economic Development Plan for the Use of Industrial Incentive Awards
10. Informational Item - Power for Jobs - Status of Approved Applications and Summary of Action on Applications
11. Informational Item – Economic Development Power - Status of Approved Applications and Summary of Action on Applications
12. Other Business
- Next Meeting
13. Closing

A regular meeting of the Economic Development Power Allocation Board was held at the White Plains Office, 30 South Pearl Street, 10th Floor, Board Room, Albany, New York, 12207.

The following Members of the Board were present:

Louis P. Ciminelli, Chairman
H. Douglas Barclay, Member
James A. Duncan, Member
Kevin S. Corbett, Member

Also in attendance were:

Eugene W. Zeltmann	President and Chief Operating Officer, NYPA
David E. Blabey	Executive Vice President, Secretary and General Counsel, NYPA
Louise M. Morman	Senior Vice President – Marketing & Economic Development, NYPA
James H. Yates	Vice President - Major Account Marketing and Economic Development, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
John Hamor	Director Inter-Governmental Relations, NYPA
Gary Paslow	Executive Deputy – Policy Development, NYPA
James Pasquale	Manager – Business Power Allocations and Compliance, NYPA
John L. Murphy	Director – Public Relations, NYPA
Bonnie Fahey	Executive Administrative Assistant, NYPA
Anne Wagner-Findeisen	Vice President - Ethics and Regulatory Compliance and Deputy Secretary, NYPA
Betty Fennell	Assistant Secretary, NYPA
Angela Graves	Assistant Secretary – Legal Affairs, NYPA
Andrew McLaughlin	Assistant Secretary - Legal, NYPA

1. **Adoption of Minutes**

The minutes of the meeting of October 3, 2001, were unanimously adopted.

2. **Consolidated Edison - Service Territory**

The members of the Board considered the six re-allocations listed below for Power for Jobs. Mr. Yates explained that some 467 jobs would be impacted.

The following resolution was adopted by the Members of the Board present:

WHEREAS, the following entities in Consolidated Edison's service territory have re-applied for allocations of Power for Jobs service:

**A. Stein Meat Products
Kings – Kings County**

**Dexter Chemical, LLC
Bronx – Bronx County**

**Intrepid Museum
New York – New York County**

**New York College of Podiatric Medicine
New York – New York County**

**Town Hall Foundation
New York – New York County**

**Zeluck, Inc.
New York – New York County;**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meets the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997, Chapter 386 of the Laws of 1998; Chapter 63 of the Laws of 2000; and Chapter 226 of the Laws of 2002, and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the six re-allocations discussed herein totaling 1,320 kW for Consolidated Edison's service territory for three years, but not longer than December 31, 2005, and that the following terms be incorporated into the Power Authority's contract for Power for Jobs Service:

- **applicants to maintain a total of 467 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

3. Long Island Power Authority - Service Territory

The members of the Board considered the re-allocation listed below for Power for Jobs. Mr. Yates explained that some 226 jobs would be impacted.

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

WHEREAS, the following entities in Long Island Power Authority's service territory have applied for allocations of Power for Jobs service:

**Aerospace Avionics (Smith's Aerospace)
Bohemia - Suffolk County;**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such re-application meets the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; Chapter 386 of the Laws of 1998; Chapter 63 of the Laws of 2000; and Chapter 226 of the Laws of 2002 would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the re-allocation discussed herein totaling 650 kW for Long Island Power Authority's service territory for three years, but not longer than December 31, 2005, and that the following terms be incorporated into the Power Authority's contract for Power for Jobs Service:

- **applicant to maintain a total of 226 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

4. Niagara Mohawk - Service Territory

The members of the Board considered the two re-allocations listed below for Power for Jobs. Mr. Yates explained that some 363 jobs would be impacted.

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

WHEREAS, the following entities in Niagara Mohawk's service territory have applied for allocations of Power for Jobs service:

**Intertek Testing
Cortlandt - Cortlandt County**

**Pivot Punch Corporation
Lockport - Niagara County;**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; Chapter 386 of the Laws of 1998; Chapter 63 of the Laws of 2000; and Chapter 226 of the Laws of 2002, would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board commends to the Power Authority of the State of New York the two re-allocations discussed herein totaling 900 kW for Niagara Mohawk's service territory for three years, but not longer than December 31, 2005, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:

- **applicants to maintain a total of 363 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

5. **NYSEG - Service Territory**

The members of the Board considered the six re-allocations listed below for Power for Jobs. Mr. Yates explained that some 1,746 jobs would be impacted.

Following consideration of such applications, the Members of the Board present voted to adopt the following resolution. Board Member Duncan abstained from voting on the proposed re-allocation to Purolator Products (Motor Components).

WHEREAS, the following entities in NYSEG's service territory have applied for allocations of Power for Jobs service:

**American Pipe & Plastic
Binghamton – Broome County**

**Borg Warner Automotive Morse TEC
Ithaca – Tompkins County**

**Forsyth Industries
East Aurora – Erie County**

**Miner Institute
Chazy – Clinton County**

**Paul T. Freund Corp.
Palmyra – Wayne County**

**Purolator Products (Motor Components)
Elmira – Chemung County;**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; Chapter 386 of the Laws of 1998; Chapter 63 of the Laws of 2000 and Chapter 226 of the Laws of 2002, would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the six re-allocations discussed herein totaling 5,700 kW for NYSEG's service territory for three years, but not longer than December 31, 2005, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:

- **applicants to maintain a total of 1,746 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

6. Rochester Gas & Electric - Service Territory

The members of the Board considered the re-allocation listed below for Power for Jobs. Mr. Yates explained that some 152 jobs would be impacted.

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

WHEREAS, the following entity in Rochester Gas & Electric's service territory has applied for re-allocation of Power for Jobs service:

**Associated Textile Rental Services, Inc.
New Hartford - Oneida County;**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; Chapter 386 of the Laws of 1998; Chapter 63 of the Laws of 2000 and Chapter 226 of the Laws of 2002, would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the re-allocation discussed herein totaling 350 kW for Rochester Gas & Electric's service territory for three years, but not longer than December 31, 2005, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:

- **applicant to maintain a total of 152 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

7. **Niagara Mohawk - Service Territory**

The Members of the Board considered the applications for Economic Development Power (“EDP”) for economic development purposes submitted on behalf of Granny’s Kitchens; Huhtamaki Consumer Packaging, Inc.; and Middleport Cold Storage in the Niagara Mohawk service territory.

Granny’s Kitchens – On May 18, 1993 and November 9, 1993, the Board recommended allocations of 600 kW and 1,400 kW, respectively, for Granny’s Kitchens for Phases I-III of an expansion project. On June 22, 1999, the Board recommended an additional allocation for Phase III of the project which involved a doubling of facility size and increasing production capacity. Over the past three years, Granny’s Kitchens has increased its employment level of 145 jobs to 255 jobs. The company would commit to create an additional 60 jobs over the next three years. An additional allocation of EDP will allow Granny’s Kitchens to meet the increased demand for its existing product lines and accommodate the development of new product lines. The Herkimer County Industrial Development Agency supports this application.

Staff recommends that an additional allocation of 750 kW be approved for business expansion purposes for a term of 15 years.

Huhtamaki Consumer Packaging, Inc. produces shaped paperboard packaging for food products and hot or cold drinks. The company is in the process of consolidating its manufacturing operations and plans to install a 25 cup forming machine with handle applicators along with additional support equipment. Huhtamaki currently has an individually negotiated SC-11 contract rate from Niagara Mohawk for business expansion purposes. The negotiated rate is of greater value to Huhtamaki than the EDP rate.

Staff recommends that the application be denied.

Middleport Cold Storage (“Middleport”) and its affiliated companies, Niagara Foods, Inc. and Agvest, Inc. located in the eastern portion of Niagara County stores and processes apples, cherries, cranberries and blueberries. The majority of the company’s raw fruit is purchased from local farmers and, after processing, sold to various bakeries throughout the United States. As a group, the company is the largest employer in Middleport. The perishable nature of the company’s product lines demands a consistently high consumption of energy. The products are kept in a refrigerated, temperature controlled environment, from right before to immediately after processing and until they reach the end user. Consolidation and depressed market pricing in the fruit baking industry have recently forced Middleport into a state of negative profit margins and compelled ownership to seriously consider the closure of all company facilities. The company would commit to create an additional 18 jobs over the next three years. An allocation of EDP will allow Middleport to meet the increased demand for its existing product lines and accommodate the development of new product lines. The Niagara County Industrial Development Agency supports this application.

Staff recommends that an allocation of 500 kW be approved for business revitalization purposes for a term of five years.

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

WHEREAS, Granny's Kitchens, Huhtamaki Consumer Packaging, Inc. and Middleport Cold Storage have applied for allocations of Power for Jobs Service for business expansion and revitalization purposes;

WHEREAS, an allocation of 750 kW would result in a ratio of 420 jobs per MW for Granny's Kitchens; an allocation of 500 kW would result in a ratio of 170 jobs per MW for Middleport Cold Storage; and

WHEREAS, an allocation to Huhtamaki Consumer Packaging, Inc. is denied; and

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 business expansion and revitalization purposes; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York allocations totaling 1,250 kW for Niagara Mohawk's service territory for three years, and that the following terms be incorporated into the Power Authority's contracts for Economic Development Power:

- **applicants to maintain a total of 400 jobs;**
- **such allocations 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.**

8. Transfers of Economic Development and Power for Jobs Power

The Members of the Board present approved the recommendation to transfer Economic Development Power (“EDP”) or Power for Jobs (“PFJ”) for eight existing customers that have been acquired. As part of the transfers, all eight of the transferees will honor the associated job commitments.

BACKGROUND

Eight companies have requested that the EDPAB recommend approval to their requests for the continued delivery of power to facilities that have all gained prior approval for an allocation of EDP or PFJ with pre-existing company names and ownership. The present owners of these same facilities are now requesting that the Authority’s Trustees authorize the continuation of the allocations that were granted to the previous company names and ownership associated with these facilities.

DISCUSSION

BF Goodrich - Unisom Industries acquired the Engine Electrical Systems Division (“EESD”) of BF Goodrich Aerospace. EESD was part of Simmons Precision, Inc. which was acquired previously by BF Goodrich Aerospace. Prior to the Unisom acquisition, BF Goodrich relocated part of the company’s business out-of-state. The business that remains at the Norwich facility is now referred to as Unisom Industries – Norwich and it is part of Unisom Industries, Inc with headquarters in Jacksonville, Florida. BF Goodrich was approved for an allocation of 1,500 kW of EDP for 265 jobs, (which was later voluntarily reduced to 1,250 kW), at the Trustees’ meeting of October 14, 1996.

Deferiet Paper Company (“Deferiet”) manufactures paper of various widths, weights, finishes and colors. At their meeting of February 29, 2000, the Trustees approved an allocation of 5,000 kW of PFJ power for the retention of 525 jobs at the company's paper mill located at 300 Anderson Ave in Deferiet. The allocation was later voluntarily reduced to 1,000 kW effective June 1, 2001. The assets of the company were subsequently acquired by Belcorp Industries, Inc of Vancouver, B.C. on September 7, 2001. Deferiet was renamed to Newstech, NY, Inc. Newstech has agreed to maintain the 525 jobs originally secured with Deferiet.

Drescher Corporation was approved for a 300 kW allocation of EDP for 142 jobs at the Trustees’ meeting of July 26, 1994, and 350 kW of PFJ for 60 jobs at the Trustees’ meeting of March 28, 2000. Dot Foods purchased Drescher Corporation in a full asset sale on June 14, 2002. The new name of the company is Dot Foods.

Lipe Rollway was approved for 1,000 kW of EDP at the Trustees’ meeting of August 31, 1993 for 280 jobs. The company manufactures ball and roller bearings. The company is owned by Emerson Power Transmission Corporation and the name has been changed to the Rollway Bearing Corporation

Olsten Corporation ("Olsten") was approved for a 1,500 kW Economic Development power allocation effective March 28, 1995. The company's businesses center around staffing, home health care, and information technology based in Melville. Olsten has merged its staffing and information technology services businesses with Adecco, S.A., whose services encompass staffing, career services, executive search and recruitment, and has over 6,000 offices across 60 countries. At the same time, Adecco split off its health services business to Olsten shareholders as an independent health services company. Adecco will maintain the original job commitment of 160 jobs at the Melville facility.

Purolator Products Company – At their meeting of March 30, 1999, the Trustees approved a 1,000 kW allocation of PFJ power for 285 jobs. The company has been sold and the new name of the company was changed from Purolator Products Company to Motor Components, LLC effective March 1, 2002.

Quebecor Printing Buffalo is a manufacturer of paperback books, magazines, and tab size inserts. The company was approved for a PFJ allocation of 1,800 kW for a total of 1,300 jobs. The company has recently changed its name to Quebecor World Buffalo, Inc. The name change was the result of a stock transfer, and although the company operates under different management, the corporate identity remains the same.

Sierra Technologies was approved for an allocation of 600 kW of PFJ power for 332 jobs at the Trustees' meeting of February 24, 1999. The company is a producer of military electronic systems and components. In August 1999, Sierra was sold as part of an asset purchase of Sierra Technologies, Inc. It is now known as Sierra Research, an Integrated Defense Technologies company (IDT).

The new corporate entities have agreed to assume all of the obligations of the present allottee, and honor all of the commitments made to the Authority with respect to jobs and reporting requirements.

9. **Economic Development Plan for the
the Use of Industrial Incentive Awards**

SUMMARY

The members of the Board present approved an Economic Development Plan ("Plan") for 2002 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").

BACKGROUND

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 EDPAB and approved 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:

NOW THEREFORE BE IT RESOLVED, That the Board hereby endorses the use, to the extent necessary, of approximately \$83 million of available industrial that the available industrial incentive awards be used for the purpose of assisting Power Authority efforts to limit future Fitzpatrick production rate increases for all industrial, business, and Economic Development Power customers of the plant.; and be it further,

RESOLVED, That the Board recommended that future Boards 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 November 27, 2001, 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 and EDP rates of the Power Authority. The EDPAB previously approved Plans submitted annually by the Authority for 1996 through 2000 that provided for such use

of the net revenues. Through calendar year 2000, the Authority has reported net revenues cumulating to \$77,684,000.

DISCUSSION

The Authority last increased the rates for industrial customers of the Fitzpatrick Plant, including EDP customers, by an average of 5% effective January 1, 1993. There were no rate increases for the period 1994-1999. 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 industrial power and EDP rates 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 \$77,684,000 produced through 2000, were utilized in conformance with Plans approved by the EDPAB to support industrial and EDP rates.

In calendar year 2001, net revenues of \$11,896,000 were produced from the sale of Expansion Power.

RECOMMENDATION

It is recommended the Economic Development Power Allocation Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 2001 from the sale of Expansion Power to support industrial and EDP rates as described herein.

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

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 Economic Development Power Allocation Board (“EDPAB”) pursuant to Section 188 of the Economic Development Law; and

WHEREAS, the EDPAB, 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 EDPAB, 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 2001 that provides for the use of net revenues from the sale of Expansion Power to support industrial and EDP rates of the Power Authority and further, has authorized the submission of such Plan to the EDPAB for its approval;

NOW THEREFORE BE IT RESOLVED, That the EDPAB hereby determines that the Economic Development Plan for 2002, 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 EDPAB hereby approves such Plan providing for the use of net revenues from the sale of Expansion Power to support industrial and EDP rates of the Power Authority, in accordance with the foregoing report.

10. **Informational Item - Power for Jobs - Status of Approved Applications and Summary of Action on Applications**

11. Informational Item – Economic Development Power - Status of Approved Applications and Summary of Action on Applications

12. Next Meeting

It was determined that the next meeting of the Board would take place on October 29, 2002, at the Authority's Blenheim-Gilboa Power Project, 397 Power Plant Access Road, Gilboa, NY to be held in the Visitor's Center at 11:00 a.m.

13. **Closing**

Upon motion duly made and seconded the meeting was adjourned at 12:35 a.m.

Sept-02