

**ECONOMIC DEVELOPMENT POWER  
ALLOCATION BOARD**

**MINUTES**

**October 26, 2009**

**Video conference – 10:00 a.m.**

***New York Power Authority Offices:***

***123 Main Street, 16<sup>th</sup> Floor, White Plains, NY***

***30 South Pearl Street, 10<sup>th</sup> Floor, Albany, NY***

***St. Lawrence/FDR Power Plant, 830 Barnhart Island, Massena, NY***

***Empire State Development Corp., 95 Perry Street, Suite 500, Buffalo, NY***

1. Approval of the Minutes of the Meeting of September 24, 2009.
2. Power for Jobs Extended Benefits Recommendations for  
Electricity Savings Reimbursements

**A. COMPANIES IN JOB COMPLIANCE**

**Con Edison - Service Territory**

AT&T Corp.  
White Plains - Westchester County

Memorial Sloan-Kettering Cancer Center  
New York - New York County

Bowne & Co.  
New York - New York County

Norampac - New York City, Inc.  
Maspeth - Queens County

Fordham - Marymount College  
Tarrytown - Westchester County

North General Hospital  
New York - New York County

Kingsbrook Jewish Medical Center  
Brooklyn - Kings County

S. R. Guggenheim Museum  
New York - New York County

Long Island Jewish Medical Center  
Manhasset - Nassau County

**Long Island Power Authority - Service Territory**

Ametek Hughes-Treitler  
Garden City - Nassau County

Kleer-Fax Inc.  
Amityville - Suffolk County

B.H. Aircraft Company, Inc.  
Ronkonkoma - Suffolk County

Silver Lake Cookie Co.  
Islip - Suffolk County

John Hassall, Inc.  
Westbury - Nassau County

**National Grid - Service Territory**

Bestway Enterprises Cortland - Cortland County	Met Weld International, LLC Altamont - Albany County
Borg Warner Morse TEC Corp. Cortland - Cortland County	Mohawk Paper Mills Cohoes - Albany County
Cascades Tissue Group Waterford - Saratoga County	Queensboro Farm Products, Inc. Canastota - Madison County
Cortland Line Co., Inc. Cortland - Cortland County	Robison & Smith, Inc. Gloversville - Fulton County
Crucible Specialty Metals Syracuse - Onondaga County	St. Joseph's Hospital Health Center Syracuse - Onondaga County
Diemolding Corporation Canastota - Madison County	Standard Manufacturing Co., Inc. Troy - Rensselaer County
Edward John Noble Hospital Gouverneur - St. Lawrence County	Syracuse Casting Sales Corp. Cicero - Onondaga County
Fiber Glass Industries Inc. Amsterdam - Montgomery County	Syracuse Label Co., Inc. Liverpool - Onondaga County
HMI Metal Powders Clayville - Oneida County	Syracuse Plastics, Inc. Liverpool - Onondaga County
Lewis County General Hospital Lowville - Lewis County	Vicks Lithograph & Printing Yorkville - Oneida County

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

A.T. Reynolds & Sons, Inc. Kiamesha Lake - Sullivan County	Corning, Inc. (SCC & IDM facilities) Corning - Steuben County
Borg Warner Morse TEC Corp. Ithaca - Tompkins County	Merritt Machinery, LLC Lockport - Niagara County
Corning, Inc. (Big Flats facility) Big Flats - Chemung County	Vail Ballou Press, Inc. Binghamton - Broome County

**Orange & Rockland Service Territory**

IBM Corp.  
Sterling Forest – Orange County

**Rochester Gas & Electric Service Territory**

Flower City Printing, Inc. Rochester – Monroe County	IBM Corp. (Rochester facility) Rochester – Monroe County
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3. Economic Development Plan – Use of Net Revenues Produced  
by Sale of Expansion Power as Industrial Incentive Awards
4. Next Meeting

A regular meeting of the Economic Development Power Allocation Board was held via video conference at the following participating locations:

- 1) New York Power Authority, 123 Main Street, White Plains, NY
- 2) New York Power Authority, 30 South Pearl Street, Albany NY
- 3) St. Lawrence/FDR Power Plant, 830 Barnhart Island, Massena, NY
- 4) Empire State Development Corp., 95 Perry Street, Suite 500, Buffalo, NY

The following Members of the Board were present at the following locations:

**Kenneth Schoetz**, Chairman (Buffalo, NY)  
**Bernard P. McGarry**, Member (Albany, NY)  
**Eugene L. Nicandri**, Member, (Massena, NY)

**Also in attendance were:**

Terryl Brown	Executive Vice President & General Counsel, NYPA
Karen Delince	Corporate Secretary, NYPA
James F. Pasquale	Acting Senior Vice President - Marketing & Economic Development, NYPA
Anthony C. Savino	Manager – Business Power Allocations and Compliance, NYPA
Lorna Johnson	Assistant Secretary, NYPA
Mary Jean Frank	Associate Corporate Secretary, NYPA

1. **Adoption of Minutes**

The minutes of the meeting of September 24, 2009 were unanimously adopted.

## **2. Power for Jobs Program – Extended Benefits**

### **SUMMARY**

The Members of the Economic Development Power Allocation Board (“EDPAB”) are asked to recommend that the Power Authority’s Trustees (“Trustees”) approve extended benefit electricity savings reimbursement rebates for 43 Power for Jobs (“PFJ”) customers as listed in Exhibit “A.”

### **BACKGROUND**

In July 1997, the New York State Legislature approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants received three-year contracts for PFJ electricity.

The PFJ program originally made 400 megawatts (“MW”) of power available and was to be phased in over three years. As a result of the initial success of the program, the Legislature amended the PFJ statute to accelerate the distribution of the power and increase the size of the program to 450 MW. In May 2000, legislation was enacted that authorized additional power to be allocated under the program. Legislation further amended the program in July 2002.

Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an “electricity savings reimbursement” rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. Customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer’s local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006. Chapter 645 of the Laws of 2006 included provisions extending program benefits until June 30, 2007. Chapter 89 of the Laws of 2007 included provisions extending program benefits until June 30, 2008. Chapter 59 of the Laws of 2008 included provisions extending the program benefits until June 30, 2009. Chapter 217 of the Laws of 2009 included provisions extending the program benefits until May 15, 2010.

At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria.

### **DISCUSSION**

EDPAB is requested to recommend that the Authority’s Trustees approve electricity savings reimbursement rebates to the 43 PFJ customers, all of which are meeting their job commitment and are listed in Exhibit “A.” Collectively, these organizations have agreed to retain more than 30,000 jobs in New York State in exchange for rebates. The rebate program will be in effect until May 15, 2010, the programs’ sunset.

### **RECOMMENDATION**

It is requested that the Economic Development Power Allocation Board recommend that the Authority Trustees approve the payment of electricity savings reimbursements to the 43 business listed in Exhibit “A.”

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

**WHEREAS, the following entities have applied for extended benefits recommendations for electricity savings reimbursements under the Power for Jobs program:**

**Con Edison - Service Territory**

<b>AT&amp;T Corp. White Plains - Westchester County</b>	<b>Memorial Sloan-Kettering Cancer Center New York - New York County</b>
<b>Bowne &amp; Co. New York - New York County</b>	<b>Norampac - New York City, Inc. Maspeth - Queens County</b>
<b>Fordham - Marymount College Tarrytown - Westchester County</b>	<b>North General Hospital New York - New York County</b>
<b>Kingsbrook Jewish Medical Center Brooklyn - Kings County</b>	<b>S. R. Guggenheim Museum New York - New York County</b>
<b>Long Island Jewish Medical Center Manhasset - Nassau County</b>	

**Long Island Power Authority - Service Territory**

<b>Ametek Hughes-Treitler Garden City - Nassau County</b>	<b>Kleer-Fax Inc. Amityville - Suffolk County</b>
<b>B.H. Aircraft Company, Inc. Ronkonkoma - Suffolk County</b>	<b>Silver Lake Cookie Co. Islip - Suffolk County</b>
<b>John Hassall, Inc. Westbury - Nassau County</b>	

**National Grid - Service Territory**

<b>Bestway Enterprises Cortland - Cortland County</b>	<b>Met Weld International, LLC Altamont - Albany County</b>
<b>Borg Warner Morse TEC Corp. Cortland - Cortland County</b>	<b>Mohawk Paper Mills Cohoes - Albany County</b>
<b>Cascades Tissue Group Waterford - Saratoga County</b>	<b>Queensboro Farm Products, Inc. Canastota - Madison County</b>
<b>Cortland Line Co., Inc. Cortland - Cortland County</b>	<b>Robison &amp; Smith, Inc. Gloversville - Fulton County</b>
<b>Crucible Specialty Metals Syracuse - Onondaga County</b>	<b>St. Joseph's Hospital Health Center Syracuse - Onondaga County</b>
<b>Diemolding Corporation Canastota - Madison County</b>	<b>Standard Manufacturing Co., Inc. Troy - Rensselaer County</b>
<b>Edward John Noble Hospital Gouverneur - St. Lawrence County</b>	<b>Syracuse Casting Sales Corp. Cicero - Onondaga County</b>

**Fiber Glass Industries Inc.  
Amsterdam - Montgomery County**

**Syracuse Label Co., Inc.  
Liverpool - Onondaga County**

**HMI Metal Powders  
Clayville - Oneida County**

**Syracuse Plastics, Inc.  
Liverpool - Onondaga County**

**Lewis County General Hospital  
Lowville - Lewis County**

**Vicks Lithograph & Printing  
Yorkville - Oneida County**

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

**A.T. Reynolds & Sons, Inc.  
Kiamesha Lake - Sullivan County**

**Corning, Inc. (SCC & IDM facilities)  
Corning - Steuben County**

**Borg Warner Morse TEC Corp.  
Ithaca - Tompkins County**

**Merritt Machinery, LLC  
Lockport - Niagara County**

**Corning, Inc. (Big Flats facility)  
Big Flats - Chemung County**

**Vail Ballou Press, Inc.  
Binghamton - Broome County**

**Orange & Rockland Service Territory**

**IBM Corp.  
Sterling Forest – Orange County**

**Rochester Gas & Electric Service Territory**

**Flower City Printing, Inc.  
Rochester – Monroe County**

**IBM Corp. (Rochester facility)  
Rochester – Monroe County**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the extended benefits provisions of the Power for Jobs legislation contained in Article 6 of the Economic Development Law as amended by Chapter 217 of the Laws of 2009; and be it further**

**RESOLVED, That the Board recommends to the Power Authority of the State of New York the 43 applications for extended benefits recommendations for electricity savings reimbursements discussed herein totaling 36,898 kW for the period through May 15, 2010.**

**Economic Development Power Allocation Board  
 Power for Jobs - Extended Benefits  
 Recommendation for Electricity Savings Reimbursements - Companies in Job Compliance**

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended Allocation (KW)	Jobs/MW	Type	Service
1	AT&T	White Plains	Westchester	Con Ed	560	610	530	-80	-13%	Yes *	560	946	Large	Telecommunications
2	Bowne & Co.	New York	New York	Con Ed	550	384	362	-22	-6%	Yes	550	658	Large	Provides document management services
3	Fordham - Marymount College	Tarrytown	Westchester	Con Ed	400	187	50	-137	-73%	Yes *	400	125	NFP	Independent liberal arts college
4	Kingsbrook Jewish Medical Center	Brooklyn	Kings	Con Ed	1,200	1,910	1,837	-73	-4%	Yes	1,200	1,531	NFP	Medical and Research Institution
5	Long Island Jewish Medical Center	Manhasset	Nassau	Con Ed	2,000	6,508	6,415	-93	-1%	Yes	2,000	3,208	NFP	Healthcare Center
6	Memorial Sloan-Kettering Cancer Center	New York	New York	Con Ed	5,000	9,840	9,756	-84	-1%	Yes	5,000	1,951	NFP	Medical Center
7	Norampac New York City, Inc.	Maspeth	Queens	Con Ed	600	204	181	-23	-11%	Yes *	600	302	Large	Corrugated paper packaging and displays
8	North General Hospital	New York	New York	Con Ed	400	1,235	1,150	-85	-7%	Yes	400	2,875	NFP	Hospital
9	S. R. Guggenheim Museum	New York	New York	Con Ed	475	418	298	-120	-29%	Yes *	475	627	NFP	Art Museum
	<b>Total Con Ed</b>		<b>Subtotal</b>	<b>9</b>	<b>11,185</b>	<b>21,296</b>	<b>20,579</b>				<b>11,185</b>			
10	Ametek Hughes-Treitler	Garden City	Nassau	LIPA	500	164	161	-3	-2%	Yes	500	322	Large	Manufacturer of heat exchangers
11	B.H. Aircraft Company, Inc.	Ronkonkoma	Suffolk	LIPA	400	79	68	-11	-14%	Yes *	400	170	Large	Noise suppression hardware for jet engines
12	John Hassall, Inc.	Westbury	Nassau	LIPA	450	101	96	-5	-5%	Yes	450	213	Large	Aerospace specialty metal fasteners
13	Kleer-Fax Inc.	Amityville	Suffolk	LIPA	200	130	130	0	0%	Yes	200	650	Small	Makes paper and plastic office products
14	Silver Lake Cookie Co.	Islip	Suffolk	LIPA	400	195	196	1	1%	Yes	400	490	Large	Manufacturer of specialty cookies
	<b>Total LIPA</b>		<b>Subtotal</b>	<b>5</b>	<b>1,950</b>	<b>669</b>	<b>651</b>				<b>1,950</b>			
15	Bestway Enterprises	Cortland	Cortland	Grid	75	71	60	-11	-15%	Yes *	75	800	Small	Lumber Products
16	Borg Warner Inc. (Cortland)	Cortland	Cortland	Grid	1,500	209	115	-94	-45%	Yes *	1,500	77	Large	Manufacture of automotive components
17	Cascades Tissue Group	Waterford	Saratoga	Grid	530	204	286	82	40%	Yes	530	540	Large	Large Industrial towel manufacturer
18	Cortland Line Co., Inc.	Cortland	Cortland	Grid	450	83	60	-23	-28%	Yes *	450	133	Large	Manufactures flylines & braided materials
19	Crucible Specialty Metals	Syracuse	Onondaga	Grid	4,000	687	682	-5	-1%	Yes	4,000	171	Large	Specialty steel manufacturer.
20	Diemolding Corporation	Canastota	Madison	Grid	184	201	82	-119	-59%	Yes *	184	446	Small	Thermoset plastic forming
21	Edward John Noble Hospital	Gouverneur	St. Lawrence	Grid	100	237	230	-7	-3%	Yes	100	2,300	NFP	Healthcare center
22	Fiber Glass Industries Inc.	Amsterdam	Montgomery	Grid	700	148	146	-2	-1%	Yes	700	209	Large	Produces high strength woven fabrics
23	HMI Metal Powders	Clayville	Oneida	Grid	500	106	111	5	5%	Yes	500	222	Large	Specialty powders for aerospace industry
24	Lewis County General Hospital	Lowville	Lewis	Grid	200	418	458	40	10%	Yes	200	2,290	NFP	Medical Center
25	Met Weld International, LLC	Altamont	Albany	Grid	100	60	64	4	7%	Yes	100	640	Small	Industrial equipment
26	Mohawk Paper Mills	Cohoes	Albany	Grid	2,250	415	393	-22	-5%	Yes	2,250	175	Large	Manufacturer of text and cover papers
27	Queensboro Farm Products, Inc.	Canastota	Madison	Grid	500	80	80	0	0%	Yes	500	160	Large	Milk manufacturing and processing plant
28	Robison & Smith, Inc.	Gloversville	Fulton	Grid	384	205	121	-84	-41%	Yes *	384	315	Small	Linen & Laundry Supply
29	St. Joseph's Hospital Health Center	Syracuse	Onondaga	Grid	1,000	3,209	3,023	-186	-6%	Yes	1,000	3,023	NFP	Healthcare Center
30	Standard Manufacturing Co., Inc.	Troy	Rensselaer	Grid	15	32	50	18	56%	Yes	15	3,333	Small	Apparel
31	Syracuse Casting Sales Corp.	Cicero	Onondaga	Grid	300	107	98	-9	-8%	Yes	300	327	Small	Products for access to subterranean vaults
32	Syracuse Label Co., Inc.	Liverpool	Onondaga	Grid	200	88	85	-3	-3%	Yes	200	425	Small	Printing labels for consumer & industrial use
33	Syracuse Plastics, Inc.	Liverpool	Onondaga	Grid	400	42	43	1	2%	Yes	400	108	Large	Maker of plastic parts and components
34	Vicks Lithograph & Printing	Yorkville	Oneida	Grid	750	112	100	-12	-11%	Yes	750	133	Large	Book printer and distributor
	<b>Total National Grid</b>		<b>Subtotal</b>	<b>20</b>	<b>14,138</b>	<b>6,714</b>	<b>6,287</b>				<b>14,138</b>			
35	A. T. Reynolds & Sons, Inc.	Kiamesha Lake	Sullivan	NYSEG	250	54	35	-19	-35%	Yes *	250	140	Small	Spring water and Ice Mfr.
36	Borg Warner Inc. (Ithaca)	Ithaca	Tompkins	NYSEG	4,000	1,265	814	-451	-36%	Yes *	4,000	204	Large	Manufacture of automotive components
37	Corning, Inc. (Big Flats)	Big Flats	Chemung	NYSEG	500	142	128	-14	-10%	Yes	500	256	Large	Optical fiber, glass and ceramic products
38	Corning, Inc. (SCC & IDM)	Corning	Steuben	NYSEG	500	178	176	-2	-1%	Yes	500	352	Large	Optical fiber, glass and ceramic products
39	Merritt Machinery, LLC	Lockport	Niagara	NYSEG	75	9	7	-2	-22%	Yes *	75	93	Small	Machinery for hardwoods & veneers
40	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	399	321	-78	-20%	Yes *	1,800	178	Large	Book printer and distributor
	<b>Total NYSEG</b>		<b>Subtotal</b>	<b>6</b>	<b>7,125</b>	<b>2,047</b>	<b>1,481</b>				<b>7,125</b>			
41	IBM - Sterling Forest	Sterling Forest	Orange	O&R	700	503	409	-94	-19%	Yes *	700	584	Large	Information technology products & services
	<b>Total O&amp;R</b>		<b>Subtotal</b>	<b>1</b>	<b>700</b>	<b>503</b>	<b>409</b>				<b>700</b>			
42	Flower City Printing, Inc.	Rochester	Monroe	RG&E	650	306	302	-4	-1%	Yes	650	465	Large	Commercial printer
43	IBM - Rochester	Rochester	Monroe	RG&E	1,150	592	584	-8	-1%	Yes	1,150	508	Large	Information technology products & services
	<b>Total RG&amp;E</b>		<b>Subtotal</b>	<b>2</b>	<b>1,800</b>	<b>898</b>	<b>886</b>				<b>1,800</b>			
	<b>Total</b>		<b>43</b>		<b>36,898</b>	<b>32,127</b>	<b>30,293</b>				<b>36,898</b>			

\* Company had all or part of their allocation restored through the the reconsideration process, or will not have this month's rebate benefits reduced based on program policy.

**3. Extension of Economic Development Plan – Use of Net Revenues Produced by Sale of Expansion Power as Industrial Incentive Awards**

**SUMMARY**

The Economic Development Power Allocation Board (“EDPAB”) is requested to approve an extension of the Economic Development Plan (“Plan”) for 2009–2016 submitted by the New York Power Authority (“Authority”) for use of industrial incentive awards pursuant to Section 188 of the Economic Development Law (“EDL”).

**BACKGROUND**

Section 1005 of the Public Authorities Law (“PAL”), as amended by Chapter 32 of 1987, directs the Authority to identify net revenues produced by the sale of Expansion Power (“EP”) and further, to identify an amount of such revenues to be used solely for Industrial Incentive Awards, (“IIA”). These awards are to be made in conformance with a Plan covering all such net revenues. The Authority is to submit Plans annually to be approved by EDPAB pursuant to the EDL.

Net revenues are defined by Section 1005 as any excess of revenues properly allocated to the sales of EP over the costs and expenses properly allocated to such sales. The Authority is directed in Section 1005 to identify net revenues no less than annually. Section 188 of the EDL provides that EDPAB is to review each Plan applying the same economic development criteria as those used to evaluate applications for power. The statute does not specify a definition of IIA.

At their meeting of May 18, 2009, EDPAB extended the Plan to 2010. The Plan provides for use of 2008–2010 net revenues from the sale of EP to provide electric discounts to manufacturing companies in New York State that are at identifiable risk of closure or relocation to another state. Through calendar year 2008, the Authority has reported net revenues culminating to \$144 million.

**DISCUSSION**

Authority staff is currently working with Computer Associates (“CA”) which has demonstrated that the company meets the qualifying criteria for an IIA (Attachment A).

The condition of the current economy, and the need to drive down operational costs in order to remain competitive, domestically and globally, are key considerations for CA’s location in Islandia. The company is at a critical juncture as it is in the process of evaluating its global data center strategy due to a pending lease roll-over of its backup data center, which is currently located in a Midwestern state. The current lease on the backup data center will expire in 2011 and CA must decide now whether to roll over the lease. CA has been offered very attractive relocation packages from North Carolina and Texas. The prevailing electric tariff rates in both these states are more competitive than those in New York. While CA has enjoyed the benefits of the Authority’s Economic Development Power program since 1992, in recent years the program has been extended on a year-to-year basis by the New York State Legislature. This rate uncertainty severely inhibits long-term business operations planning. This is especially true as CA articulates its global business strategy.

Electricity is a significant cost driver for CA’s Islandia production center and centralized labs. As the data center represents a substantial portion of the total power consumption, energy costs will be a primary consideration in its decision to maintain and expand the data center in Islandia or relocate out of state. Staff recommends that EDPAB authorize deployment of IIA to CA in an innovative way to address the unique, time-sensitive economic challenges of the company. The recommendation comes after consideration of detailed cost data provided by CA which underscores the potential risk of relocating out of state.

The form of the award will be a cents/kWh price discount applied to a level of electric consumption per year, mutually agreed to by CA and the Authority not to exceed 6 MW. Due to CA’s significant presence and positive impact on the New York and Long Island economies, Authority staff proposes that the term of the company’s IIA be seven years, through calendar year 2016.

CA currently pays an all-in price of \$6.4 cents/kWh. Staff has calculated that an IIA for the all-in cost of electricity could range from \$368K for a \$.01 cents per kWh award to a maximum of \$3.6 million per /year, depending on market prices on Long Island. The IIA will remain in effect as long as the company continues to meet an agreed-upon job commitment of 1,800 full-time New York State employees. CA also agrees that it will continue to participate in the existing EDP program and the associated Energy Cost Savings Benefit Program should it be extended beyond May 15, 2010 and apply for any new EDP program in the future, sponsored by the State. In the event that CA qualifies for and participates in a future, yet-to-be-determined, statewide program that offers similar or greater value than the proposed IIA, the IIA will be zero.

It is therefore proposed that the Authority's Chairman be authorized to submit the Authority's Plan to EDPAB for the extended period providing for the use of calendar years 2011–2016 EP net revenues. The Authority will report to EDPAB annually on the actual disbursement of these funds.

#### RECOMMENDATION

It is recommended that the Economic Development Power Allocation Board approve the Economic Development Plan submitted by the Authority, which provides for use of net revenues produced from the sale of Expansion Power from 2008–2016 to provide Industrial Incentive Awards in the form of a cents/kWh electric discount. In addition, it is also recommended that the Economic Development Power Allocation Board approve an Industrial Incentive Award to Consumer Associates and extend CA's Economic Development Power allocation for a period coterminous with the Industrial Incentive Award.

*Mr. James Pasquale presented the highlights of staff's recommendation to the Board.*

*Mr. Bernard McGarry said that he was going to vote in favor of the award to Computer Associates ("CA") largely because of the circumstances and the number of jobs involved. However, he expressed concern that this award was going to tie up approximately half of the resources for this program for an extended period of time, thus limiting the Power Authority's ability to help other companies. He added that he appreciated the fact that staff has limited the award somewhat by making it dependent on what the Legislature does with regard to the Energy Cost Savings Benefits ("ECSB") award program. Mr. Pasquale said that the Economic Development Plan is recommended by the Power Authority's Trustees for EDPAB's approval. Mr. McGarry asked if legislative approval of a multiyear ECSB program would free up some of the money being committed to CA. Mr. Pasquale replied that CA would be required to apply for such a new program, with its Industrial Incentive Award ("IIA") becoming the difference between its new rate and the ECSB rate, subject to a maximum of \$3.6 million annually. Thus, CA's IIA would be smaller than it is now and the rest of its IIA money would be available for other IIAs. Mr. Pasquale also pointed out that since the other three IIA contracts are for a maximum of three years each, a sizable amount of money should become available for new awards each year. He said that the IIA program has ranged between \$7 million and more than \$9 million a year, with the amount varying due to the amount of Expansion Power sold and the Authority's profit margin on such sales. In response to a question from Judge Eugene Nicandri, Mr. Pasquale said that the IIA does not involve a power allocation to CA. Responding to another question from Mr. McGarry, Mr. Pasquale said that CA would not receive any IIA money in 2010 if the Legislature extends the ECSB program.*

The following resolution was unanimously adopted by 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 with an Economic Development Plan submitted by the Authority and approved by the Economic Development Allocation Board (“EDPAB”) pursuant to Section 188 of the Economic Development Law; and**

**WHEREAS, 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 rate increases for Fitzpatrick Power Program customers; and**

**WHEREAS, 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 award; and**

**WHEREAS, the Authority has approved an Economic Development Plan through calendar year 2016 that provides for the use of net revenues from the sale of Expansion Power to provide electric bill discounts to manufacturing companies located in New York State that are at identifiable risk of closure or relocation to another state and further has authorized the submission of such Plan to EDPAB for its approval;**

**NOW THEREFORE BE IT RESOLVED, That the members of the Economic Development Power Allocation Board hereby approves an Economic Development Plan that provides for the use of net revenues from the sale of Expansion Power (calendar years 2008-1016) to provide electric bill discounts to manufacturing companies in New York State that are at identifiable risk of closure or relocation to another state; and be it further**

**RESOLVED, That EDPAB hereby approves an Industrial Incentive Award to Computer Associates and an extension of Computer Associates’ Economic Development Power allocation to December 31, 2016, in accordance with the attached memorandum.**

**Attachment A**  
**October 26, 2009**

Industrial Incentive Award – IIA (November 1, 2009 – CY 2016)

**Computer Associates**

- Islandia, New York - 1,800 Jobs
- LIPA service area
- Up to 6 MW
- Target Rate – ECSB effective rate
- Potential IIA award of up to \$3.6 million/year
- IIA award term - November 1, 2009 – CY 2016
- Computer Associates agrees to participate in any potential extension of ECSB and apply for any new NYS economic development power program initiatives in the future.

4. **Next Meeting**

The next meeting of the Board is to be determined.