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PUBLIC HEARING
PURPA - COMPLIANCE WITH RATEMAKING STANDARD
-----x

January, 10, 2007
10:30 a.m.

New York Power Authority
123 Main Street
White Plains, New York

Reported by:
NANCY R. SULLIVAN

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A p p e a r a n c e s :

CARLOS GUTIERREZ, ESQ., Attorney I
New York Power Authority
ANGELA GRAVES, Deputy Corporate Secretary
New York Power Authority

KIM BYHAM, ESQ., Principal Attorney
New York Power Authority
JAMES H. YATES, Vice President-
Major Account Marketing and
Economic Development
New York Power Authority

SPEAKERS:

ANNE CAHILL, Esq., Corporate Secretary
New York Power Authority
MARILYN BROWN, Manager of Market and
Pricing Analysis
New York Power Authority

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MS. CAHILL: Good morning, everybody. My name is Anne Cahill. I am the Corporate Secretary for the New York Power Authority. It is 10:30. This public hearing is being conducted by the Power Authority pursuant to the Energy Policy Act of 2005, known as EPAct.

EPAct, which modified the Public Utility Regulatory Policies Act of 1978, provided for public comment as part of the Authority's consideration of the appropriateness of a new Ratemaking Standard for various customer categories served under the Authority's retail rates.

Notice of this hearing was published in the Miscellaneous Notices/Hearings Section of the New York State Register on November 15, 2006. If you plan to make an oral statement this morning and have not yet filled out a card at the sign-in desk, please do so now. We ask that you give copies of your written statements to the reporter and me

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either before or after you deliver your

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written remarks. Although your written

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statement can be whatever length you

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like, we would ask those presenting an

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oral statement to limit their remarks to

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10 minutes. If your oral statement

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summarizes a written statement, both will

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appear in the record.

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The record of this hearing will

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remain open through the close of business

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on Wednesday, January 24, 2007, for the

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submission of any additional comments or

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statements. These should be addressed to

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the Authority's Corporate Secretary at

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123 Main Street, 15-M, White Plains, New

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York, 10601 and may be faxed to (914)

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681-6949, or e-mailed to

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anne.cahill@nypa.gov. Please see

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Ms. Lynnette Taylor, the secretary to the

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Corporate Secretary's office, on your way

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out if you have additional questions.

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Full stenographic minutes of the

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hearing will be made and will be

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incorporated, along with the written

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submissions, into the record that will be reviewed by the Authority's trustees.

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Copies of the stenographic transcript of this hearing will be available to the

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public. You should contact the reporter

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to make arrangements to purchase such a

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copy. A copy of today's transcript will

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also be available for review at the

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Authority's Corporate Secretary's office

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in this building.

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At this point, I will turn the

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hearing over to Ms. Marilyn Brown, the

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Authority's Manager of Market and Pricing

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Analysis, who will provide additional

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details on the new Ratemaking Standard.

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I will then call on speakers, starting

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with any elected officials.

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Ms. Brown?

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MS. BROWN: Good morning, my name

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is Marilyn Brown. I am the Manager of

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Market and Pricing Analysis at the New

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York Power Authority. I am here today to

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talk about the Authority's consideration

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of a Demand Response and Smart Metering

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2 Standard (or Standard), as required by
3 Section 1252 of the federal Energy Policy
4 Act of 2005 (or EAct). The Standard
5 centers on application of time-of-use
6 rates and metering equipment used to
7 implement these rates. EAct requires
8 the Authority, as a nonregulated electric
9 utility, to consider and make a decision
10 on whether to adopt the Standard by
11 August 8, 2007. This public hearing will
12 provide interested parties with an
13 opportunity to provide comments to the
14 Authority with respect to whether and how
15 the Standard should be adopted.

16 As background, the Public Utility
17 Regulatory Policies Act (or PURPA) is a
18 federal statute first enacted in 1978 for
19 the purposes of encouraging: (1)
20 conservation of energy supplied by
21 electric utilities; (2) optimization of
22 the efficient use of facilities and
23 resources by electric utilities and (3)
24 equitable rates for electric consumers.

25 In August 2005, Congress amended

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PURPA via EPAct. The Authority is a nonregulated electric utility with respect to the Federal Energy Regulatory Commission (or FERC), the agency that implements PURPA.

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Under EPAct, the Authority is required to provide public notice and conduct a hearing with respect to the consideration of the new ratemaking Standard. While not required to adopt the Standard, the Authority must consider the Standard in good faith, and issue a determination as to whether it will be adopted. The law required the Authority to publicly announce the date of the hearing before August 8, 2006 and to make its consideration and determination by August 8, 2007.

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At their meeting of July 25, 2006, the Authority's Trustees directed that public notice of the Authority's consideration of a Demand Response and Smart Metering Standard as required by EPAct be published in the New York State

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Register and that a public hearing be held at which customers and the public can make oral comments and/or written statements.

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The new Standard applies only to the Authority's retail rates. These include rates for the Authority's retail loads, which by FERC criteria include direct-sale customers, such as governmental customers, customers that receive high-load-factor power and some of the Authority's other industrial customers. These retail customers account for about half of the Authority's total load. The other half of the Authority's customers, in terms of load, is defined as wholesale using FERC criteria. For example, sales to utilities (Consolidated Edison Co. of New York, Inc., National Grid, New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation), including Replacement Power, Expansion Power, Niagara/St. Lawrence Rural and

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Domestic Power and Economic Development

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Power and Power for Jobs, are not subject

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to the Standard.

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The new Standard has two

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requirements. First, the Standard

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requires that the electric utility

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provide all retail customers with a

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time-based rate schedule on which the

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rates reflect the cost of generating and

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purchasing the power at the wholesale

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level.

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Second, the Standard requires that

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the electric utility provide the

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customer, upon request, a time-based

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meter enabling the customer to receive

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such a rate. The statute provides four

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allowable time-based rate schedules:

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1, time-of-use pricing whereby

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prices are set for a specific time period

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on an advance or forward basis; 2,

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Critical peak pricing, whereby

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time-of-use prices are in effect except

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for certain peak days, when prices

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reflect the costs of generating and/or

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purchasing electricity at the wholesale

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level and when consumers may receive

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additional discounts for reducing

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peak-period energy consumption; 3,

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Real-time pricing, reflecting the

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utility's generating costs and 4,

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credits for consumers that participate in

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peak load reduction programs.

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The Authority's staff has prepared

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a report, the "Staff Report on PURPA -

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Compliance with Ratemaking Standard in

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Consideration of the Federal Energy

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Policy Act of 2005 regarding Demand

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Response and Smart Metering, December

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2006," that advises the Authority's

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Trustees as to whether the Authority

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should adopt the Standard.

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The report's findings are that the

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Authority complies with the Standard

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through its current range of offerings

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and metering. The report recommends that

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the Trustees adopt the Standard in

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Section 1252 of EAct to the extent that

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the Authority already has done so and

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that the Authority continue with these offerings and metering practices. I have copies of the report available with me today.

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Staff will consider the views of interested parties, in particular the Authority's customers, at this public hearing and in writing until Wednesday, January 24, 2007. Authority staff will fully evaluate all comments received and recommend final action on the Standard at the March 27, 2007 meeting of the Authority's Trustees. The Power Authority staff looks forward to your input.

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I will now turn the hearing back over to Ms. Cahill.

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MS. CAHILL: I just want the record to reflect that I don't think anyone has signed in as of yet to speak today. We will wait until 11:00, just in case anyone is running late who wanted to speak, and at that point if no one comes in and signs in, we will close this part

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of the hearing.

(Pause in hearing)

MS. CAHILL: It is now 11 o'clock,
and I would like the record to reflect
that no one appeared to speak, so we are
going to close this part of the hearing,
although the record of the hearing will
remain open until the close of business on
Wednesday, January 24, 2007 for the
submission of any additional comments or
statements. Thank you everybody.

(Time noted: 11:00 a.m.)

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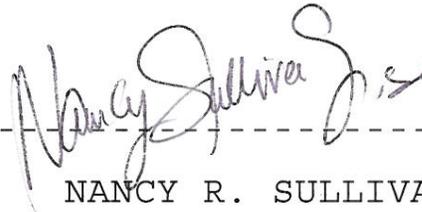
C E R T I F I C A T E

I, NANCY R. SULLIVAN, a Shorthand Reporter and Notary Public do hereby certify:

I reported the proceedings in the within-entitled matter, and that the within transcript is a true record of such proceedings.

I further certify that I am not related, by blood or marriage, to any of the parties in this matter and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of January, 2007.



NANCY R. SULLIVAN

JANUARY 10, 2007

E R R A T A

I wish to make the following changes, for the following reasons:

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