

1 POWER AUTHORITY OF THE STATE OF NEW YORK

2
3 PUBLIC HEARING

4 Wednesday, November 3, 2010 - 3:00 P.M.

5
6 Niagara Power Project
7 Lewiston, New York

8 HYDROPOWER CONTRACTS EXTENSIONS WITH UPSTATE
9 INVESTOR-OWNED UTILITIES FOR RESALE TO RURAL AND
10 DOMESTIC CONSUMERS

11 Public hearing held at the Niagara
12 Power Project, Community Room, Lewiston, New York,
13 on November 3, 2010 commencing at 3:00 P.M.

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1 REPORTED BY: BUYERS & KACZOR REPORTING SERVICES,
2 BY: MICHELLE R. KWIATEK,
3 1400 Rand Building,
4 Buffalo, New York 14203.
5 (716) 852-2223

4 BEFORE: POWER AUTHORITY OF THE STATE OF NEW
5 YORK,
6 Karen Delince, Corporate Secretary,
7 123 Main Street,
8 White Plains, New York 10601.

7 Also Present: James Pasquale,
8 Senior Vice President of Marketing
9 & Economic Development at the New
10 York Power Authority.

11 Lorna Johnson,
12 Assistant Corporate Secretary.

INDEX TO SPEAKERSSPEAKERSPage

Karen Delince, Corporate Secretary of the
New York Power Authority

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James Pasquale, Senior Vice President of
Marketing & Economic Development at the New
York Power Authority

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1 KAREN DELINCE: Good
2 afternoon. My name is Karen Delince, and I'm the
3 Corporate Secretary of the New York Power Authority.

4 This public hearing is being
5 conducted by the Power Authority to provide an
6 overview and receive public comment on extensions of
7 contracts for the sale of hydropower to three
8 upstate investor-owned utilities for resale to rural
9 and domestic customers.

10 Pursuant to Section 1009, Sub one,
11 of the Public Authorities Law, notice of this
12 hearing was published in the following sixteen
13 newspapers once a week for the four weeks leading up
14 to the hearing: The Buffalo News, Niagara Gazette,
15 Buffalo Business First, Albany Times Union, Syracuse
16 Post Standard, Rochester Democrat & Chronicle,
17 Lewiston Porter Sentinel, Dunkirk Observer, East
18 Aurora Bee, Orchard Park Bee, Watertown Daily Times,
19 Ogdensburg Journal, Massena Daily Courier-Observer,
20 Thousand Island Sun, Malone Telegram and Plattsburgh
21 Press Republican.

22 During the thirty-day period prior
23 to today's hearing, copies of the proposed contracts
24 have been available for inspection at the
25 Authority's office in White Plains, as well as on

1 the Authority's Web site. Also pursuant to Section
2 1009, Sub one, of the Public Authorities Law, notice
3 of this hearing and copies of the proposed contracts
4 were sent to Governor, David Paterson, President Pro
5 -- or former Governor David Paterson; President Pro
6 Tem of the New York State Senate, Malcolm Smith;
7 Speaker of the Assembly, Sheldon Silver; Chairman of
8 the State Finance Committee, Carl Kruger; Chairman
9 of the Assembly Ways and Means Committee, Herman
10 Farrell; Senate Minority Leader, Dean Skelos and
11 Assembly Minority Leader, Brian Kolb.

12 If you plan to make an oral
13 statement at this hearing and have not yet filled
14 out a form at the sign-in desk, please do so now.
15 We ask that you give copies of your statement to the
16 reporter, and to Lorna Johnson at the door before or
17 after you deliver your remarks. Although your
18 written statement can be whatever length you would
19 like, we would ask those presenting an oral
20 statement to limit their remarks to five minutes.
21 If your oral statement summarizes your written
22 statement, both will appear in the record of the
23 hearing.

24 The record of this hearing will
25 remain open through close of business Friday,

1 November 5th, for the submission of any additional
2 comments or statements. These should be addressed
3 to the Authority's Corporate Secretary at 123 Main
4 Street, 15-M, White Plains, New York 10601; or may
5 be faxed to (914)390-8040; or e-mailed to
6 secretarys.office@nypa.gov. Please see Lorna
7 Johnson on your way out if you have any additional
8 questions.

9 Full stenographic minutes of the
10 hearing will be made and will be incorporated, along
11 with the written submissions, into the record that
12 will be reviewed by the Authority's Trustees. The
13 transcript will be available for review at the
14 Authority's office in White Plains and on the
15 Authority's Web site, www.nypa.gov.

16 At this point, I will turn the
17 microphone over to James Pasquale, NYPA's Senior
18 Vice President of Marketing and Economic
19 Development, who will provide additional details on
20 the proposed contract extensions. I will then call
21 on any speakers. Mr. Pasquale.

22 JAMES PASQUALE: Thank you, Ms.
23 Delince. Good afternoon. My name is James
24 Pasquale. I am the Senior Vice President of
25 Marketing and Economic Development at the New York

1 Power Authority. I am here today to present an
2 overview of extensions of contracts for the sale of
3 hydropower to three upstate investor-owned utilities
4 for resale to rural and domestic consumers.

5 These three utilities, National
6 Grid, formerly known as Niagara Mohawk Power
7 Corporation; New York State Electric & Gas
8 Corporation, also known as NYSEG; and Rochester Gas
9 & Electric Corporation, also known as RG&E, had been
10 receiving firm power from the St. Lawrence/FDR and
11 Niagara Power Projects, and firm peaking hydropower
12 from the Niagara Project for resale to rural and
13 domestic consumers under contracts that went into
14 effect in 1990 and which were to expire on August
15 31, 2007.

16 At their July 31, 2007 meeting,
17 the Authority's Trustees approved an extension of
18 the 1990 contracts to take effect on an interim
19 basis on September 1, 2007, pending completion of
20 the formal contract approval process under Section
21 1009 of the Public Authorities Law. Under this
22 process, the contracts are subject to public notice,
23 hearing and approval by the Governor. The contract
24 extensions are for a total of four hundred fifty-
25 five megawatts of firm and three hundred sixty

1 megawatts of firm peaking hydropower to be sold to
2 the three utilities. The power is purchased at the
3 cost-based hydropower rate, and these rates are
4 passed on to the utilities' residential and small
5 farm customers without markup under Public Service
6 Commission tariffs.

7 Specifically, the proposed
8 contracts provide for the sale of one hundred
9 eighty-nine megawatts of firm and one hundred
10 seventy-five megawatts of firm peaking to National
11 Grid; one hundred sixty-seven megawatts of firm and
12 one hundred fifty megawatts of firm peaking to
13 NYSEG, and ninety-nine megawatts of firm and thirty-
14 five megawatts of firm peaking to RG&E. These
15 amounts would be sold to the utilities through
16 December 31, 2011, subject to withdrawal upon thirty
17 days written notice by the Authority for
18 reallocation as may be authorized by law, or as
19 otherwise may be determined by the Authority's
20 Trustees.

21 In addition to the withdrawals
22 specified above, the Authority may reduce or
23 terminate service if it is determined to be
24 necessary to comply with any ruling, order or
25 decision by a regulatory or judicial body or the

1 Authority's Trustees relating to hydropower and
2 energy allocated under the proposed contracts.

3 Chapter 59 of the Laws of 2006,
4 Part U, authorized the creation by the Governor of a
5 Temporary State Commission on the Future of New York
6 State Power Programs for Economic Development. The
7 charge of the Commission was to recommend to the
8 Governor and the Legislature on or before December
9 1, 2006, whether to continue, modify, expand or
10 replace the state's economic development power
11 programs, including, but not limited to, the power
12 for jobs program and the energy cost savings benefit
13 program.

14 On December 1, 2006, the
15 Commission issued its report, which included an
16 array of findings and recommendations. A key
17 recommendation of the report was that, among other
18 things, hydropower now sold to the utilities ought
19 to be redeployed for economic development purposes.

20 The short-term and withdrawal
21 provisions of the proposed contracts will allow the
22 Legislature to consider the use of the subject block
23 of power for economic development or other purposes.

24 As Ms. Delince stated earlier, the
25 Power Authority will accept your comments on the

1 proposed contracts until the close of business
2 Friday, November 5, 2010. I will now turn the forum
3 back over to Ms. Delince.

4 KAREN DELINCE: Thank you, Mr.
5 Pasquale. At this point, is there anyone present
6 who would like to make an oral statement?

7 UNKNOWN SPEAKER: I have a
8 question.

9 KAREN DELINCE: Usually this
10 is for people to make statements.

11 UNKNOWN SPEAKER: Just ignore
12 me.

13 JAMES PASQUALE: I will off-
14 line, but not as part of the hearing.

15 UNKNOWN SPEAKER: I understand,
16 but not on the record.

17 JAMES PASQUALE: So we will
18 keep this open --

19 KAREN DELINCE: We will be
20 here until seven o'clock, and we will wait for any
21 other speakers.

22 (Off the record until 7:00.)

23 KAREN DELINCE: Having no
24 speakers today, I declare this hearing officially
25 closed.

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