



NEW YORK STATE SENATOR

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Open the Books on the New York State Power Authority

DALE M. VOLKER March 23, 2009

(ALBANY, NY) Last week, at a hearing initiated by the New York State Power Authority (NYPA), officials at this public authority proposed rate increases for electric utility customers across Upstate New York. The hearing, held with little public notice, would seriously jeopardize and impede economic development in our region and increase energy rates for rate payers.

Lets be clear--the proposed increase in hydroelectric preference power rates would detrimentally impact our communities and businesses that rely on this enormous energy asset in our region. What is troubling is that during the Deficit Reduction Plan that was introduced by Governor Paterson and hurriedly passed by both the Senate Democrats and Assembly Democrats, there was a \$750 million sweep that the state took from NYPA. During the debate, I and my fellow Senate Republican colleagues voiced our concerns that by doing this \$750 million sweep, rate increases would potentially be on the table in the near future. It is clear that we were right and also why the entire Senate Republican Conference voted "NO" on this Deficit Reduction Plan. However, during this debate, it was noted that NYPA's President assured everyone that rate increases would not occur and boasted that NYPA was more than able to handle this and it wouldn't impact their finances. It seems now that they have had a change of heart, a change that will take more out of your wallets and harm our business community who are trying to get through a difficulty recession.

As a former Chairman of the Senate Energy Committee, who has worked in the past with NYPA and the Federal Energy Regulatory Commission (FERC), this going along with such an enormous sweep of NYPA funds did not make sense. In my opinion, it was a bait and switch program right from the very beginning. This sweep will hit western New York families when they can least afford it. Balancing the budget on the backs of upstate and western New York communities is becoming more and more evident. These redistribution of wealth proposals are hitting the poorest sections of this state in the form of increased electric rates to fund state government largesse. Instead of creating jobs that will expand the tax base and give people careers so that they can remain in upstate and western New York, we are instead forcing them to move to other states that are more "family friendly" and who actually want to create jobs.

To top things off, we now hear that the folks over at the NYPA have had a bonus sharing program for their top managers and executives. We've all read about Attorney General Cuomo hammering AIG on handing out bonuses, given that company's downfall. Yet NYPA, as a public authority in a state that has huge deficits, actually has had its own bonus program called "variable pay." Indications are that these are SUPPOSED to be merit bonuses based on performance, yet 2/3 or more of employees get these bonuses. However, what defines performance? I would like to know and I would think that the energy rate payers of this state would like to know as well. Considering the economic realities that we are all facing, I would think that this program should be dissolved immediately and forever.

Our residents have had enough. This asset is in our backyard, yet it is being used to back fill nefarious spending habits by Governor Paterson, the Senate and Assembly Democrats who control the entire state government. Lets open NYPA's books, lets be honest to our rate payers, lets get rid of the practice of giving bonuses in this public authority, and lets get down to business of creating jobs, lowering the cost of business and giving people the opportunity to pursue their dreams as they see fit.