



NEW YORK STATE SENATOR

Darrel J. Aubertine

Historic Agreement Reached Between New York Power Authority and North Country Officials

DARREL J. AUBERTINE June 2, 2010

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MASSENA (June 2, 2010) - New York Power Authority (NYPA) President and Chief Executive Officer Richard M. Kessel today was joined by several North Country officials at a ceremony marking the signing of an historic agreement to provide some of the most significant economic development benefits to the region in recent history. The agreement calls for the Power Authority to provide \$16 million and 20 megawatts (MW) of low-cost hydropower for

economic development purposes throughout St. Lawrence County.

Some of the public officials attending the event included: State Senators Darrel Aubertine and Joseph Griffo, State Assemblymembers Addie Russell and Deirdre Scozzafava; Robert McNeil, County Treasurer and Chairman of the Local Government Task Force; Janet Cassada, mayor of the Village of Waddington; Mark Scott, supervisor of the Town of Waddington; Joe Gray, supervisor of the Town of Massena; Larry Lagault, Supervisor of the Town of Louisville; and Jim Armstrong, Supervisor of the Town of Lisbon.

“This is a transformational agreement that will be the catalyst for the economic renaissance of Northern New York,” Kessel said. “The Power Authority is committed to using its resources to be a driving force in the revitalization of St. Lawrence County and the signing of this agreement today demonstrates how cooperation among the communities and NYPA can lead to an historic long-term investment in the future of the region.”

Michael J. Townsend, NYPA Chairman, said: “The agreement by the Power Authority to provide \$16 million and 20 MW of recaptured low-cost power from the relicensing of the St. Lawrence-FDR Power Project demonstrates our commitment to being a significant partner in the economic resurgence of our host communities. NYPA will continue to look for creative ways to help the region and the state rebound from this economic crisis and create and retain jobs and private investments in New York State.”

Eugene L. Nicandri, NYPA Trustee and resident of Massena, said: “Today, the New York Power Authority has followed through on a commitment made during the relicensing of its St. Lawrence-FDR Power Project to provide economic development support to its host communities in St. Lawrence County. I commend the officials throughout St. Lawrence County who worked diligently on behalf of their constituents in reaching this accord, which will mark a crucial step forward in efforts to employ NYPA’s resources to support the

revitalization of the North Country.”

Just last week, the NYPA Board of Trustees unanimously authorized NYPA to enter into an agreement with the newly created St. Lawrence River Valley Redevelopment Agency (RVRDA) and the St. Lawrence Industrial Development Agency Local Development Corporation (LDC) that allows for the transfer of \$16 million originally committed in 2001 by the Power Authority to the region during the relicensing process for its St. Lawrence-FDR Power Project. The funds had been undisbursed due to the cancellation in 2005 of a local project.

Robert McNeil, Chairman of the Local Government Task Force and member of RVRDA, said: "This is the conclusion of a nearly ten-year effort by the Local Government Task Force to ensure fairness and equity in the St. Lawrence-FDR relicensing agreement. The economic development funding and low-cost hydropower generated by our river and this agreement will give us the tools to build the economy of the future for the North Country. I'm proud of our collective efforts and want to thank the state and local officials who supported us and Richie Kessel for agreeing to this historic accord."

Brian Staples, Chair of the St. Lawrence County IDA-LDC, said: "The IDA is pleased to partner with the Power Authority, the Local Government Task Force, and now the St. Lawrence River Valley Redevelopment Agency as we work together to retain and create jobs in St. Lawrence County. This Agreement creates a partnership that has the potential to bring significant positive economic impacts to our region."

Specifically, the NYPA agreement provides that the RVRDA, which consists of representatives of the County of St. Lawrence, towns of Lisbon, Waddington, Louisville and Massena and the Villages of Waddington and Massena, and the LDC will receive \$8 million within 30 days with the remainder of the funds to be disbursed by NYPA within 180 days.

The bulk of the funds will be used for loans or grants to businesses within St. Lawrence County, although a small portion is authorized to be used for community development and environmental and improvement projects. The NYPA-RVRDA agreement further requires that RVRDA and LDC obtain annual independent audits and submit annual reports that contain detailed reconciliations of all disbursements from the account for the preceding year.

A separate agreement executed between the RVRDA and the LDC further delineates the eligibility criteria, application and approval procedures, project documentation and monitoring processes.

This NYPA-RVRDA-LDC agreement stems from funds that had originally been dedicated as part of the licensing commitments made by the Power Authority to the St. Lawrence Aquarium and Ecological Center (SLAEC) for the construction of an aquarium and other facilities so long as SLAEC raised certain matching funds. Because SLAEC did not raise the matching funds, the agreement with SLAEC was cancelled. However, since that time, the Power Authority has continued to indicate that it would stand by its commitment to provide the monies to the region.

Accordingly, NYPA entered into an agreement in 2005 with another North Country non-profit local development corporation now known as the Seaway Private Equity Corporation (SPEC). The agreement authorized NYPA to provide \$10 million of the original aquarium funds to SPEC for investment in new technology businesses in St. Lawrence County. The \$16 million in the NYPA-RVRDA-LDC agreement represents the balance of the aquarium monies. In addition, the NYPA Trustees last week authorized the Power Authority to advance a 15-year power contract for the allocation of 20 MW of low-cost hydropower that, until this action, had never before been available in the region or the state for its benefit and use.

This power was made available due to NYPA's successful efforts in the relicensing process to recapture power that under the prior license had been sold to neighboring states. NYPA is proposing a contract for the sale of the 20 MW of low-cost hydropower to the Town of Massena, Massena Electric Department for distribution throughout St. Lawrence County for economic development purposes.

Under state law, the power contract must now be subject to a public hearing, which will be held on July 22 at the Frank S. McCullough, Jr. Hawkins Point Visitors Center. A final power contract must be submitted to the NYPA Board of Trustees for its authorization and then transmitted to the Governor for his review and approval. If approved, the term of the power contract would last until 2025 with a commitment to negotiate a new contract with a term through the end of the current St. Lawrence-FDR license in 2053.

STATEMENTS IN SUPPORT:

Senator Darrel J. Aubertine, vice-chair and ranking majority member of the Senate Energy & Telecommunications Committee, said: "Since 2005, our local representatives from each of these communities have worked tirelessly to get us to this point where the Power Authority will provide the resources needed for real and substantial local economic development. This historic agreement provides the opportunity to transform the economy of St. Lawrence County with the infusion of much needed resources. I want to thank CEO Kessel, our representative on the Board of Trustees Judge Nicandri, and the entire Power Authority for working with these communities to make this happen."

Senator Joseph A. Griffo said: "We have closed a chapter and reached an accord today. Pending the approval by the Governor, we could be looking a significant economic incentive tool to be made available in the North Country. The promise of low-cost power to St. Lawrence companies will not only be here now, but it will also serve to build a foundation of regional businesses into the next generation. I commend NYPA CEO Richard Kessel and the Board of Trustees in coming together with RVRDA to get an agreement to keep the funds in the North Country where they belong. As Ranking Member of the Senate Energy

Committee, I look forward to working with both agencies to see that the entire community benefits from the agreement that we have in front of us today.”

State Assemblywoman Addie J. Russell said: “This agreement has been a longtime coming, but could not have been reached at a better time. The allocation of power to the RVRDA is unique and will make St. Lawrence County stand out to prospective businesses. The county will have an edge over other parts of the state when it comes to economic development. This edge is only fitting for the home county of the St. Lawrence-FDR-Power Project. This valuable asset will reinvigorate our economy at a time when we need it and when businesses are preparing to re-energize as well.”

State Assemblywoman Dede Scozzafava said: “I'm excited about this project's potential for the economic stimulation of the North Country. Working in conjunction with the New York Power Authority, we should be able to attract business and in turn create much-needed jobs for the area.”

Ray Fountain, chief executive officer of the St. Lawrence County IDA, said: “The signing of this Agreement brings new and needed assets to our economic development efforts. These resources will assist the IDA and the RVRDA as we undertake the shared mission of developing job opportunities and strengthening our economy.”

Greg Paquin, Chair of the St. Lawrence County Board of Legislators, said: “I am grateful that the hard that so many people have put into designing this unique economic tool has paid off. While some may clamor for more and others may wish for a different organizational structure, having a tool that will put people to work is what is important. The RVRDA will need to be both deliberate and diligent in studying opportunities and at the same time aggressive. It will be a challenging assignment for them and they will play an integral role in our region's future.”

Joe Gray, Massena Town Supervisor, said: "This is an important day for the North Country and the town of Massena, specifically. After months of effort, this agreement has been finalized and now even more work is ahead of us. We need to utilize the power and the money to create jobs as quickly as possible. The town of Massena thanks the Power Authority, President and CEO Kessel and the Board of Trustees for taking this step to help our economy."

James Shaw, Chairman Massena Electric Department, said: "I am pleased that MED can play a new role in bettering our community and region. We are aware of the benefits which low cost energy can bring. We look forward to supporting development in our community that is green and will no doubt reflect

Mark Scott, Supervisor of the Town of Waddington, said: "The town of Waddington is pleased that the Money and Power are coming to our community to be used for economic development, while we celebrate today, the success will be gauged by what is accomplished with the assets. I look forward to beneficial projects to be done in Waddington and throughout the county, and continuing the dialogue with NYPA to secure ongoing benefits for the community."

Larry Legault, Supervisor of the Town of Louisville, said: "This is an accord that has taken many years to put together. I look forward to this agreement being the beginning of a new era for the region."

Janet Otto-Cassada, Mayor of the Village of Waddington, said: "I am very pleased we can now start on this new venture with the RVRDA, the IDA and the New York Power Authority. The North Country is in desperate need of an economic renewal and hopefully this will do it. I believe the people the towns and villages have chosen for the RVRDA will work for the betterment of St. Lawrence County."

<http://www.nypa.gov/press/2010/100602a.html>

About NYPA:

? The New York Power Authority uses no tax money or state credit. It finances its operations through the sale of bonds and revenues earned in large part through sales of electricity. ? NYPA is a leader in promoting energy efficiency, new energy technologies and electric transportation initiatives. ? It is the nation's largest state public power organization, with 17 generating facilities in various parts of New York State and more than 1,400 circuit-miles of transmission lines. ? About 75 percent of the electricity it produces is clean renewable hydropower. Its lower-cost power production and electricity purchases support hundreds of thousands of jobs throughout the ?For more information, www.nypa.gov.