



# NY Power Authority

ANDREW M. CUOMO  
Governor

JOHN R. KOELMEL  
Chairman

GIL C. QUINIONES  
President and Chief Executive Officer

June 30, 2015

Honorable Andrew M. Cuomo  
Governor of the State of New York  
Executive Chamber  
The Capitol  
Albany, New York 12224

Dear Governor Cuomo:

On September 1, 2007, a new license to operate the Niagara Power Project (NPP) was issued to the Power Authority of the State of New York (Power Authority or NYPA) by the Federal Energy Regulatory Commission. The license was the result of several years of consultation and negotiation with local communities and other project stakeholders. NYPA's license application was supported by a number of settlement agreements providing benefits to certain stakeholders for the term of the new license. These benefits include land transfers, power allocations and payments to settlement partners consisting of local municipalities, state agencies, an Indian nation, school districts, and committees supporting the development of the Niagara River Greenway.

In March 2014, Chapter 12 of the Laws of 2014 was signed into law, which directs the Power Authority to request information from beneficiaries of certain settlement proceedings and to issue a report to the Governor, the Temporary President of the Senate, the Speaker of the Assembly and chairs of the Senate Energy and Telecommunications Committee and the Assembly Corporations, Authorities and Commissions and Energy committees by July 1, 2015. (Appendix A)

The information request requires beneficiaries to identify the following:

1. All purposes for which a power allocation or grant was used;
2. If a power allocation or grant was received or any benefit therefrom was sub-allocated or transferred to another person or entity;
3. Whether the power allocation (or proceeds from an allocation) or grant (funding) contributed to the retention or creation of new jobs in the state and, if so, the estimated number of jobs retained and created and the basis for the estimate;
4. Whether the power allocation (or proceeds from an allocation) or grant (funding) provided any other benefits and, if so, a description of all such benefits;
5. The results of any audit conducted by the entity concerning the use of a power allocation (or proceeds from all allocation) or grant (funding) by the entity of any person to which any portion of the power allocation or grant was sub-allocated or transferred.

The Power Authority distributed requests for information (Appendix B) on December 5, 2014 to the following 17 entities:

- Niagara County
- Town of Niagara
- Lewiston-Porter Central School District
- Niagara Falls City School District
- Town of Lewiston
- City of Niagara Falls
- Niagara Wheatfield Central School District
- Tuscarora Nation
- Niagara University
- Niagara Falls Water Board
- Erie County
- City of Buffalo
- Buffalo Olmsted Parks Conservancy
- Buffalo Niagara Riverkeeper
- Erie Canal Harbor Development Corporation
- NYS Department of Environmental Conservation
- NYS Office of Parks Recreation & Historic Preservation

The responses are attached as Appendix C. The responses indicate that the proceeds from the settlement agreements are having a significant positive effect on the local communities and their environment.

As of January 2015, NYPA has disbursed more than \$250 million in fulfillment of the settlement agreement terms along with providing 32 MW of low-cost hydropower. According to the information provided, approximately 800 jobs have been created or retained. Niagara County accounts for about 600 of those jobs by using of a portion of its power allocation to enhance economic development, which additionally leveraged more than \$30 million in private capital investment. The communities reported that power allocations also account for more than 35 instructional positions being retained at local schools by recognized cost savings being applied to annual budgets. In addition to jobs directly associated with these benefits, the replies indicated that hundreds of temporary construction jobs were created and/or retained as a result of projects pursued using settlement funds.

The communities identified funding benefits representing a wide range of improvements that have been implemented throughout Niagara and Erie counties. Greenway funds have enabled numerous park improvements, expanded waterfront access, created and rehabilitated recreation assets and provided ecological improvements from south Buffalo to Youngstown. Additionally, community payments have allowed the City of Niagara Falls, the Town of Lewiston and the Town of Niagara to address public safety and municipal infrastructure issues. The City of Niagara Falls funded numerous capital projects such as street reconstruction and repair, municipal building improvements and maintenance equipment purchases. The Town of

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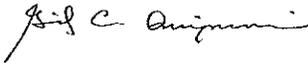
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Lewiston noted that sewer and water services infrastructure has been improved and the Town of Niagara identified quality-of-life improvements in the safety and recreation departments.

I hope you find this information helpful. If you need further information about this submission, please do not hesitate to call Jill Anderson, Senior Vice President, Public Affairs and Business Development at 914-287-3706.

Sincerely,



Gil C. Quiniones  
President and Chief Executive Officer

Encs.

cc: Honorable Carl E. Heastie, Speaker of the Assembly  
Honorable John J. Flanagan, Temporary President of the Senate  
Honorable Joseph A. Griffo, Energy & Telecommunications Committee Chair  
Honorable James F. Brennan, Corporations, Authorities and Commissions  
Committee Chair  
Honorable Amy Paulin, Committee on Energy Chair