

Power For Progress Annual Report 2008

Submitted to the
Oswego County Legislature
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Summary

The Oswego County Public Utility Service Board respectfully submits this document as its 2008 Annual Report to the Oswego County Legislature.

The Board is pleased to report for the period of January to December 2008:

- Power for Progress allocations to the private sector provided businesses with, \$2,627,370 up from \$1,726,498.50 in 2007.
- The low-cost energy allocated to the County of Oswego provided rebates totaling \$480,587 up from \$420,252.56 in 2007
- Allocations to municipalities provided rebates totaling \$95,958 down from \$418,244.01 in 2007.
- Total energy rebates for all participants in 2008 were \$3,203,915, up from \$2,564,995.07 in 2007.
- Since the programs inception it has contributed to the retention of nearly 3,000 jobs and the creation of over 350 new jobs.

During 2008, the Board conducted 4 meetings, during which it:

- Reviewed 4 new applications and 16 renewal applications for power allocations;
- Approved 4 new private sector applications and renewed 15;
- Denied 1 renewal application that did not continue to meet eligibility criteria or the County Legislature's intent for the program.

Background

The Oswego County Public Utility Service Board was created by Local Law No. 3 of 2004 Section 2 Subsection 1. The law gave the Public Utility Services Board the *“ability, and authority to solicit, review, qualify and select participants in the Low Cost Power Program (Local Power For Jobs program), either directly or through an ESCO [energy service company] within the County of Oswego’s power allocation and pursuant to policies as established by the Oswego County Legislature.”* The aforementioned power allocation is 10 megawatts annually, at \$32/Mw-hr, supplied by Entergy Nuclear Northeast as part of its tax agreement from 2005 to 2010. The Board is required to submit an annual report to the Oswego County Legislature by February 15 of each year.

The Energy Supply Company [ESCO] throughout 2008 was Hess Corporation.

Board Membership

Board members, appointed by the Oswego County Legislature on November 10, 2004, are Andrew E. Curran, Jr., Hannibal, Board Chairman; Jerry DeSantis, P.E., Oswego; Daniel Dougherty, Scriba; James A. Hotchkiss, Mexico; and Lawrence R. Perras, New Haven. Messrs. Eric Behling of Mexico and Ronald Greenleaf of Hannibal were appointed in 2008 to fill vacant positions. All Board members serve as volunteers. Legislator Daniel Chalifoux was appointed to serve as “Legislative Representative” by Mr. Leemann, Chairman of the Oswego County Legislature in April, 2008.

Meetings

The Board met 4 times during 2008. January 8th; April 24th; July 8th; and October 14th. Its meetings are open to the public.

During 2008 Mr. Curran, accompanied by Mr. Phillip Church, enjoyed opportunities to explain the program to The Oswego County Council of Mayors and to Mr. Borden Walker, EVP of Hess Corporation.

Allocation Methodology & 2008 Statistics

Program participants are sorted into three groups based on the organization type. Power allocation policies are different for each group. Group I is comprised of private sector and non-profit entities. Group II represents the accounts of the County of Oswego. Group III is

comprised of municipalities. All participants benefit from the program by receiving a credit/rebate from Hess Corporation which represents the difference between \$32/MW-hr and the market cost the participant would have otherwise paid for the power allocated to them.

Until all 10 MW is allocated, participants may receive power above their minimum allocations. This is done to maximize the benefits of the 10 MW to the Oswego County economy and taxpayers.

The purpose of the Power for Progress program, as set by Oswego County Legislature, is to stimulate job growth and retention through lower electricity costs. In keeping with that goal, the minimum allocation to private sector participants remains unchanged through the duration of their contract. Allocations to municipalities are based on municipal need and the availability of power. Municipal allocations are uniformly reduced as private sector applicants are approved, and could eventually be reduced to zero. The power allocation to the County of Oswego is similarly reduced, but will not drop below 1.5 MW, the county's estimated average demand, unless a significant employer applies and all remaining 8.5MW are already allocated.

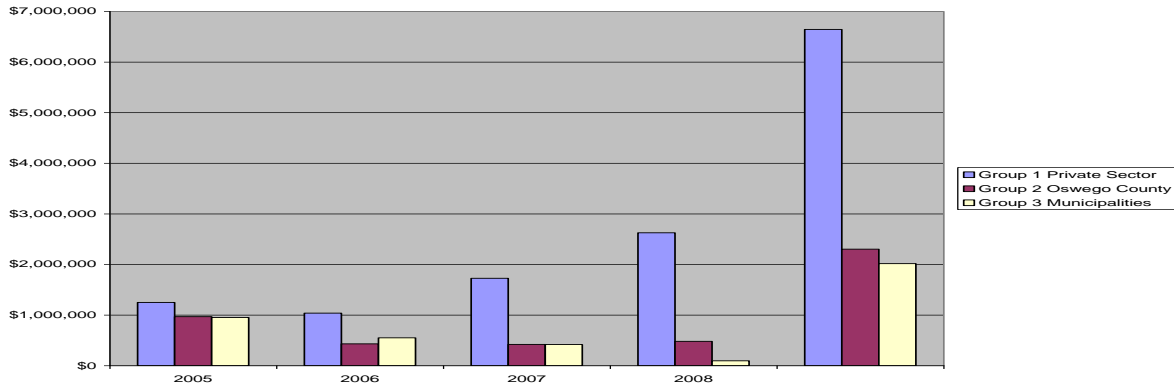
Low cost power allocations to the private sector (Group I) are based on board review of applications on a case-by-case basis for minimum eligibility criteria, and Hess' review of the applicants' credit history and financial status. To meet basic eligibility criteria, an applicant must be able to demonstrate that it has a minimum annual power usage of 100,000 Kw-hr, per account, and be creating new jobs or in danger of losing jobs. For applicants deemed eligible, a base allocation is determined by formula using 25 percent of the applicant's historic maximum load. The allocation may then be adjusted by the board using factors identified within the application. A minimum allocation is then assigned by majority vote. Power contracts and renewals are typically one year in duration.

Four new private sector (Group I) entities were approved in 2008. Contracts for 15 existing participants were renewed. The value of credits/rebates to the private sector between January and December 2008 was \$2,627,370.

The County of Oswego (Group II) is allocated a minimum of 1.5MW until such time as 8.5 MW are allocated and a major employer requests a power allocation. The total value of the credit/rebates to county taxpayers during 2008 was \$480,587.

Municipal (Group III) participation requires the applicant town, city or village to have an account that uses a minimum of 100,000 Kw-hr annually. Allocations vary based on monthly demand and power availability. The total value of the credit/rebates to municipal taxpayers during 2008 was \$95,958.

Power For progress Rebates 2005 - 2008



Above is total, 2005 - 2008

Acknowledgements

- Honorable Mr. Barry Leemann, Legislature Chairman, ex-officio member
- Honorable Mr. Daniel Chalifoux, County Legislative Liaison
- Philip Church, County Administrator
- Fred Maxon, Director of Purchasing, OCPUS Coordinator
- Richard Mitchell, County Attorney
- Michael Treadwell, Director of Operation Oswego County
- Natural Gas Business Associates
 - Janice Bailey
 - Bob Shanning
 - Jim Niezabytowski
- Hess Corporation
 - Mark Detor
 - Joseph Sinisgalli

Chairman's Statement

With the fourth year of the Power For Progress program successfully completed, the Oswego County Public Utility Service Board is looking forward to continuing its responsibilities in 2009. The economic impact that this program has on the businesses and citizens of Oswego County is a positive benefit for all. It is the Board's hope that the program will be both extended and enlarged. Service on this Board continues to be rewarding and an honor for each member.

As Board Chairman, I again wish to express my sincere appreciation to the other Board members, Staff, Natural Gas Business Associates and Hess Corporation for continuing to contribute their considerable expertise in carrying out the assigned responsibilities of the Board with diligent professionalism and amicability. It is a delight to work with such a group.

Respectfully submitted,