



Oswego County
Public Utility Service
Power For Progress

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Power For Progress Annual Report 2006

Submitted to the
Oswego County Legislature
February 15, 2007

Andrew Curran, Chairman

Dale A. Currier
Jerry DeSantis
Daniel Dougherty
James Hotchkiss
Lawrence Perras

Summary

The Oswego County Public Utility Service Board respectfully submits this document as its 2006 Annual Report to the Oswego County Legislature.

The Board is pleased to report, for the period of January to December, 2006:

- Power for Progress allocations to the private sector provided businesses with \$1,039,460.47 of energy rebates
- Allocations to municipalities resulted in energy rebates totaling \$550,256.13
- The low-cost energy allocated to the County of Oswego produced rebates totaling \$431,057.27.
- Total energy rebates for all participants in 2006 was \$2,020,773.82.
- As a result of the purchase of Select Energy by Hess Corporation and subsequent account reconciliation, Oswego County received a check mid-year from Select Energy totaling \$333,305.67.
- During the program's first two years, energy allocations are associated with 165 new jobs and 311 retained jobs.

During 2006, the Board conducted 10 meetings, during which it:

- Developed and adopted a renewal application;
- Reviewed 17 new applications and 12 renewals applications for power allocations;
- Approved four new private sector applications and renewed 12;
- Approved three new municipal applications;
- Denied nine applications that did not meet eligibility criteria or meet the County Legislature's intent for the program. One application is tabled for further information.

During the program's first two years, energy allocations are associated with 309 new jobs and 476 retained jobs.

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 ESCO selected by the County is Select Energy of Syracuse, NY. Select was purchased by Hess in 2006 and the contract transferred to the new owner. The transition to Hess did not disrupt service to the program participants.

Board Membership

Board members, appointed by the Oswego County Legislature on November 10, 2004, are Andrew E. Curran, Jr., Hannibal, Board Chairman; Dale A. Currier, Scriba; Jerry DeSantis, P.E., Oswego; Daniel Dougherty, Scriba; James A. Hotchkiss, Mexico; and Lawrence R. Perras, New Haven, and serve as volunteers. Legislature Vice Chairman Greg Osetek, Oswego, serves as an ex-officio member. Daniel Dougherty of Scriba joined the Board, by legislative appointment, on January 4, 2005.

Meetings

The Board met 10 times during 2006: Jan. 12 and 26, Feb. 9, March 26, April 20, May 25, August 3, Sept. 18, Oct. 23, and Dec. 5. Its meetings are open to the public.

Allocation Methodology & 2006 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 Energy, 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 private sector (Group I) entities were approved in 2006. Contracts for all existing participants were renewed. The value of credits/rebates to the private sector between January and December 2006 was \$1,039,460.47. Table 1 reports the minimum allocations to private sector participants and the associated jobs impact.

The County of Oswego (Group II) is allocated a minimum of 1.5MW until such time as all 10MW are allocated and a major employer requests a power allocation. The county has received between 3MW and 4 MW during 2006. The total value of the credit/rebates to county taxpayers during this period was \$431,057.27.

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. Three of six new municipal applications met the eligibility criteria. Allocations vary based on monthly demand and power availability. The total value of the credit/rebates to municipal taxpayers was \$550,256.13

All participants and their monthly rebates, itemized by group, are provided in Attachment 1.

Table 1

Participant Name	Energy Allocation		Jobs Created/Retained	
	2005	2006	2005	2006 planned
Great Lakes Veneer	308 kw	250 kw	18/61	1/0
Acro-Fab, Ltd.	125.6 kw	125.6 kw	0/22	no change
Fulton Tool Co.	12 kw	12 kw	0/19	no change
Empire Fresh-Cuts	60 kw	60 kw	12/0	3/0
Sure-Lock Industries	51 kw	51 kw	6/0	2/0
HUHTAMAKI	1,000 kw	2,000 kw	59/0	55/0
Canfield Machine & Tool	28 kw	28 kw	1/38	0/39
Riverview Business Park	150 kw	150 kw	1/12	0/13
Oswego YMCA	10 kw	10 kw	17/0	0/17
Oswego Warehousing	38 kw	27 kw	0/-2	19/0
Industrial Precision Products	20 kw	20 kw	0/15	0/19
Oswego County Opportunities	18 kw	18 kw	30/0	40/0
D-K Manufacturing Corporation		15 kw		0/24
International Wire/Omega Wire		1,228 kw		0/199
Oswego Hospital		107 kw		40/0
Precision Wood Flooring		20 kw		5/0
Totals			144/165	165/311
Cumulative Total				309/476

Analysis

Energy rebate/credit amounts are based on allocation levels and the difference between \$32/Mw-hr and the market costs for rate classes for the period January 2005 to December 2006.

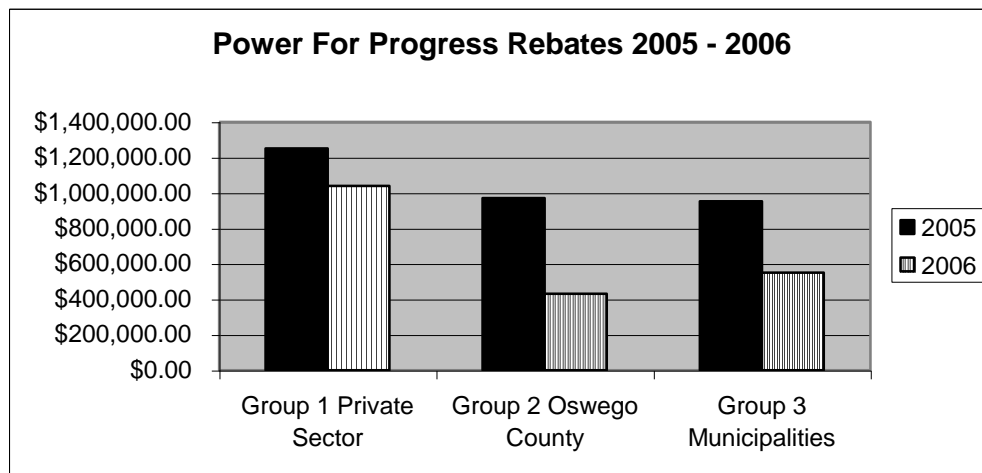
Oswego County Low Cost Power Program

Year to Date Rebate Report-2006

Month	Group 1 Rebates	Group 2 Rebates	Group 3 Rebates	Total All Groups
Jan	\$ 128,814.40	\$ 66,579.42	\$ 69,280.30	\$ 264,674.12
Feb	\$ 98,804.17	\$ 51,068.24	\$ 53,139.89	\$ 203,012.30
Mar	\$ 89,195.59	\$ 46,101.91	\$ 47,972.10	\$ 183,269.60
Apr	\$ 75,267.22	\$ 38,902.85	\$ 40,481.00	\$ 154,651.07
May	\$ 84,321.96	\$ 30,884.36	\$ 45,734.89	\$ 160,941.21
Jun	\$ 91,415.08	\$ 33,482.33	\$ 49,582.08	\$ 174,479.49
Jul	\$ 117,794.87	\$ 43,144.38	\$ 63,890.06	\$ 224,829.31
	\$ -	\$ -	\$ -	
Aug	\$ 134,039.45	\$ 49,094.24	\$ 72,700.86	\$ 255,834.55
Sep	\$ 52,185.32	\$ 17,076.94	\$ 25,202.00	\$ 94,464.26
Oct	\$ 13,866.80	\$ 4,613.59	\$ 6,816.25	\$ 25,296.64
Nov	\$ 82,544.98	\$ 27,463.35	\$ 40,575.09	\$ 150,583.42
Dec	\$ 71,210.63	\$ 22,645.66	\$ 34,881.61	\$ 128,737.90
Totals	\$ 1,039,460.47	\$ 431,057.27	\$ 550,256.13	\$ 2,020,773.87

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NGBA



Rebates decreased from 2005 levels, despite the addition of new participants, because of market price decreases in 2006. See Attachment 2.

It should also be noted that Oswego County and the participants in the Power For Progress program did not receive electricity at the contract amount during the month of October. This is due to the August refueling outage at the James A. FitzPatrick Nuclear Power Plant. During such events, energy is acquired at market price and no rebates apply.

Acknowledgements

- Honorable Greg Osetek, Legislature Vice Chairman, ex-officio member
- Philip Church, 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
 - Mark Detor

Chairman's Statement

With the second year of the Power For Progress program successfully completed, the Oswego County Public Utility Service Board is looking forward to continuing its responsibilities in 2007. The economic impact that this program has on the businesses and citizens of Oswego County is a positive benefit for all. Service on this Board is truly fulfilling experience 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 Energy for performing their assigned responsibilities with diligent professionalism and amicability.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "A. E. Larran Jr.", written in black ink.

Attachment 2

