
Power For Progress Annual Report 2007

Submitted to the
Oswego County Legislature
February 15, 2008

Andrew E. Curran, Jr. Chairman

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Jerry DeSantis
Daniel Dougherty
James Hotchkiss
Lawrence Perras

Summary

The Oswego County Public Utility Service Board respectfully submits this document as its 2007 Annual Report to the Oswego County Legislature.

The Board is pleased to report for the period of January to December 2007:

- Power for Progress allocations to the private sector provided businesses with \$1,726,498.50, up from \$1,039,460.44 in 2006.
- Allocations to municipalities resulted in energy rebates totaling \$418,244.01 down from \$550,256.13 in 2006
- The low-cost energy allocated to the County of Oswego produced rebates totaling \$420,252.56 down from \$431,057.27 in 2006
- Total energy rebates for all participants in 2007 were \$2,264,995.07 up from \$2,020,773.82 in 2006.
- Since the programs inception it has contributed to the retention of 2,665 jobs and contributed to the creation of 347 new 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.

Fred / Phil: I need help with the above info

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 2007 was Hess Energy.

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, served as an ex-officio member during 2007. 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.

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Allocation Methodology & 2007 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' 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 2007. Contracts for all existing participants were renewed. The value of credits/rebates to the private sector between January and December 2007 was \$1,726,498.50. Table 1 below indicates the changes in Group 1 employment status.

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 total value of the credit/rebates to county taxpayers during 2007 was \$420,252.56.

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 2007 was \$418,244.01.

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

| Company | Initial Application Employment | 2007 Employment |
|--------------------------------|---|----------------------------|
| Great Lakes Veneer | 43 | 62 |
| Acro-Fab | 22 | 28 |
| Fulton Tool Company | 19 | 25 |
| Empire Fresh Cuts | 27 | 41 |
| Sure-Lock Industries | 7 | 17 |
| HUHTAMAKI | 642 | 680 |
| Canfield Machine & Tool | 38 | 40 |
| Oswego YMCA | 75 | 85 |
| Oswego County Opportunities | 578 | 615 |
| Industrial Precision Product | 23 | 22 |
| Riverview Business Park | 12 | 16 |
| International / Omega Wire | 199 | 195 |
| D-K Manufacturing | 24 | 25 |
| Precision Wood Flooring | 4 | 4 |
| Oswego Hospital | 577 | 702 |
| Felix Schoeller Tech Paper | 110 | 190 |
| Southern Graphics | 26 | 26 |
| Eagle Beverage Company | 95 | 95 |
| Interface Solutions | 137 | 137 |
| D&D Logging & Lumber | 7 | 7 |

2665

3012

Net Change =

347

Acknowledgements

- Honorable Greg Osetek, Legislature Vice Chairman, ex-officio member
- Philip Church, Past Director of Purchasing, OCPUS Coordinator
- 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
 - Mark Detor
 - Joseph Sinisgalli

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,

