

The minutes of the Budget Hearing for the Green Island Power Authority held on Wednesday, April 4, 2012 at 5:30 p.m., at the Green Island Municipal Center, 19 George Street, Green Island on the proposed budget for 2012-2013.

Chairperson Ellen M. McNulty-Ryan called the public hearing to order.

Chairperson McNulty-Ryan asked the Secretary to read the Notice of Public Hearing.

To all residents, please take notice that the Board of Trustees of the Green Island Power Authority will hold a public hearing on Wednesday, April 4, 2012, at the Green Island Municipal Center, 19 George Street, Green Island, at 5:30 p.m. The purpose of the public hearing is to consider the preliminary 2012-2013 budget for the Green Island Power Authority.

Dated: March 20, 2012

Chairperson McNulty-Ryan stated that David Paterniani, Chief Financial Officer for the Green Island Power Authority will present the budget and then we will open the hearing for any questions from the public. When we do have questions, she would ask that the individual come forward and state your name and address and your questions in a fairly loud voice because we are recording the hearing for the record. Thank you.

David Paterniani proceeded to make presentation and welcomed everyone to the GIPA budget presentation for 2013 and without wasting time and what we are going to get into is our rates for our distribution system as well as our hydro and then the projected revenue based on those rates as well as projected expenses.

Dave stated that our **Distribution System** basically has two parts. There is a base rate, which is \$.065 KWH, which you can see on your monthly bill. The second piece is our Purchased Power, which is the PPAC and is basically what we have to buy to supply everyone here power. The first part is hydro allocation from the New York Power Authority, which is very cheap, and we also have to buy supplemental power for supplemental needs that we have here in the Village. The supplemental power is actually a lot more expensive than our base allocation. It is also limits us from expanding on the open lots that you in the north end for example. Basically, every kilowatt-hour that we sell above our hydro allocation costs us \$.08, which gets passed down directly to the customer and that is one of the reasons that we are after more power. For instance, the hydro expansion, so if we get more power into Green Island, we are hoping that some day the PPAC would eventually come down and we could bring more power users online. The average rate that you are paying right now are about \$.10/KWH compared to National Grid, which just had a rate reduction, they used to \$.18/KWH now they are right around \$.15/KWH. We did have a rate increase in 2011 and prior to that, the last rate increase that GIPA had was in 1987, so a 24 year span before rates actually increased.

Dave proceeded on to the next slide and it pertains to the **Hydroelectric Generation**. All the generation that they hydro plant makes is sold to National Grid at market prices. The

market prices based on what is called ZONAL LBMP, which is ZONAL Location Based Marginal Pricing. Like he stated it is just the market price and it run and monitored by the NYS ISO. The current situation which he would think that most people in attendance are familiar with the rates are very low and today's rate that we are getting for the Hydro Plant is about \$.024 where as three or four years ago we were seeing rates as high as \$.015 to \$.016 which explains a lot. One rule of thumb in projecting where prices are going to go is that the electric wholesale market follows natural gas futures. So if you are familiar at all on how the open markets work, there are prices projected out one or two years today for just for instance natural gas. Now for internal forecasting purposes based on our historic data, which he has a chart on the next slide as well as natural gas future, it gives us a pretty good idea of where rates will be in the upcoming twelve (12) months.

The next chart shows basically the **Historic Wholesale Data** they have since the hydro came on line. In its first year, it was seeing \$.039/KWH and then it climbed all the way up to \$.083/KWH in calendar year 2008 which at the end of calendar year 2008 is when the recession kicked in and you can see the big drop down where the rates that we were seeing on a daily basis were cut in half. They haven't really recovered since and since January 1st through March 30th our average rate has been \$.033/KWH.

Dave proceeded to next slide to touch on the **Natural Gas Futures**. Like he stated the electric market parallels the natural gas futures market and to give us a decent idea of where prices are going to be, Natural Gas Futures, are currently at all time lows as well and the forecast for the rest of 2012 is turning low and there is a slight increase in the future prices for 2013. So with the combination of data we are using \$.04/KWH for the upcoming budget year.

As far as **Revenue Projection** for the **Distribution System**, which is the power we sell to our ratepayers, it is not to hard to project where it is going. Our five (5) year average is basically straight line right across. We sell about 30,000,000 KWH in a year, slightly under that. So when we plug are rates in we are projecting that we will have about \$2,889,224 in revenue in the upcoming year on our distribution system.

The **Revenue Projection** for the **Hydroelectric Plant** is not as easy. As he stated, we have to take our best guess at what the rate will be which is about \$.04/KWH. However, due to Hurricane Irene there are inflatable bladders on the Federal dam and the material they are made out is similar to a tire and from the hydro plant we can pump air into the bladders to expand them and it gives us an extra two feet on top of the dam and that helps pool all of the water during low flow times. Those flashboards are either completely gone or very badly damaged, not operational at this time. So our engineer's best guess is that we will receive a 15% reduction in the next budget year because of that issue. He would like to note that we do have a claim in with FEMA but because the water is still too high, we cannot get any one out their to see if they are actually damaged or not and that is on hold for right now. We are projecting about 40,600,000 KWh and in a normal year with normal flows and no problems, the plant has generated about 47,000,000 KWh. So knock 15% off that and you will come to 40,600,000. So, we are projecting \$1,625,000 for our hydro revenue. The total projection is \$4,514,224.

The next graph – **Year to Year Budget Comparison** – gives you a good idea of where we are now. In 2009, our revenues were about \$5,698,571 and that is our actual results. In 2010 it was \$4,537,758 and that is actual, so you can see the \$1,000,000 drop from 2009 to 2010 and it had a slight uptake in 2011 but rates have come down for 2012 as well as the issue that we have at the plant. This year we are projecting to have almost \$4,514,224 in revenue and the \$4,514,224 is what we are projecting for the next year.

Dave proceeded to speak on **Hydro Plant Operations**. He just kind of talked about the revenue and you can see the hydro revenue in 2009 was \$2,715,000 and it came down about \$1,000,000 in 2010 and in 2011, we had approximately an extra \$300,000 compared to the year before but this year is going to be the worst year ever. As of right now, we are looking at about \$1,705,000 in revenue, which isn't good. It is a \$1,000,000 off of 2009's number and for 2013 like he stated we are projecting \$1,625,000. The good thing if you look down to the expenses – Plant Operation and Maintenance has come down considerably as you move across the columns. In 2009, we were at \$527,005.00 and this year we are looking at about \$341,084. Our projected budget for next year is \$451,500. However, we do have to budget for the unknowns so hopefully it will come under budget again. The Municipal Service Agreement that is allocated to the Hydroelectric Plant and it was \$511,372 for 2009, 2010, 2011 and 2012. As most of you know, we took that out of the budget this year due to financial constraints we have. The debt service payments with interest and principal this is the repayment on our debt, our long term debt. It is very stable, it is scheduled, and so we know what it is going to be. So next year it is going to be slightly over \$1,000,000 and what that consists of is the purchase of our hydro plant, the upgrades that were made to the hydro plant, the relicensing of the hydro plant, which is mandated and we have to do that as well as the Cohoes Falls Project falls into this. The reason that is that the PSC and we just went through a rate case with the PSC they won't allow any project costs to hit the rate base. The \$065 that you are paying as your base rate is not supplementing any projects to which all of this debt is tied to.

On the **Hydro Plant Operations** since 2009 we have had recurring operation expense reductions year after year and our total expense reduction comparing to 2009 to 2012 is almost \$200,000 less or 35%. We are doing what we can to rain in all costs.

On the **Distribution Operations** just looking at expenses, it basically mirrors the hydro in 2009 it was about \$401,915 and this year we are projecting approximately \$280,739 and we did stop purchasing equipment and wiring and poles in the 1st quarter of the year. We will have to buy those supplies next year, but expenses are considerably down this year. The second line shows what the PSC allowed for the Municipal Service Agreement on our distribution system, which was \$164,914 and that total was \$676,000 and as he stated that was taken out the budget for this year. The debt service payments allocated to our distribution system, as he stated with the hydro they are all scheduled, the \$560,392 that you see is the amount that is allocated to distribution upgrades and we had one that is the upgrade to the substation and all the work that was done in the north end of Green Island, all the underground wiring that was done to accommodate the expansion in the north end.

Dave stated again like he said with hydro since 2009 there has been recurring operating expense reduction year after year and comparing 2009 to 2012, we have reduced costs by \$121,176 or 30%.

Dave proceeded onto **Salary Expense**. There will be no raises for any employees and if you are not aware, the board members a few months agreed to serve for free. They don't plan on taking any budget compensation for the next budget year as well and our proposed total salaries for this year are \$470,669 and in 2010, we were fully staffed and since 2010, we had our Superintendent retire and our paid Chairman, also, subsequently retired and he was replaced with the new Chairperson who is not being paid and we decided not to fill the role of Superintendent and everything has been working out very well for us up there. We have two guys who just graduated from Lineman school so they are certified and good to go and we previously had and still have a certified Lineman and we also have a Laborer. Savings from 2010 is \$236,237 or 33%, which is pretty significant for a small organization.

Dave proceeded on to the **Budget Summary** on how they are projecting operations to turn out. He went through all the numbers and if you just go right to the bottom this is actually the first year where they have been able to project a small surplus in the amount of \$10,301, which is not much. The bad news is that we basically have spent all of their reserves and we are operating very skinny right now which is why we knew that the Municipal Service Agreement could not be continued in this budget year. Hopefully, there is some kind of turn around that they are not aware of and into the future, as far as the hydro goes with the revenues and that is it.

Dave asked if there were any questions or comments.

John Finning of 81 Hudson Avenue stated that he would like to ask a few questions about how it actually works.

Mr. Finning's first question is what is the Green Island Power Authority?

Dave responded that it is a New York State Public Benefits Corporation.

Mr. Finning stated that it is a public, non-profit organization.

Mr. Finning asked who it is owned by?

Dave stated that we are own organization.

Mr. Finning stated who owns it, is it like stock and a public company, and so by me paying my bill am I an owner?

Chairperson McNulty-Ryan stated that it actually started with the Green Island Electric Light Department. Chairperson McNulty-Ryan asked Attorney Legnard if he would like to elaborate on it?

Attorney Legnard stated that when the Green Island Power Authority was created by the State Legislature, the Village sold its assets to the Authority and when all of the Authority's bonds are paid off, those assets, everything reverts back to the Village.

Mr. Finning stated then that the Village owns it.

Chairperson McNulty-Ryan stated that basically it will go back to the Village.

Mr. Finning then asked what kind of document do you operate under? Constitution, Charter ...

Dave responded By-Laws.

Mr. Finning asked what State agency oversees you?

Chairperson McNulty-Ryan stated the Public Service Commission.

Dave responded that Authority Budget Office oversees GIPA. The Comptroller's Office has a branch called the Authority Budget Office, so we report to them directly and we also report to the Public Service Commission.

Mr. Finning responded okay and do they audit?

Dave stated that the Authority Budget Office does not audit and we are required to have an independent audit down every year.

Mr. Finning stated then you have a public accountant.

Dave stated they have a CPA firm.

Mr. Finning then asked if we were like Plattsburgh, he understands that Plattsburgh has a Power Authority also ...

Dave stated that there is a North Country Power Authority that is new, but he does not believe they are operating.

Mr. Finning stated that maybe he was wrong.

Dave stated that we are only 1 of 3 power authorities in the State. There is the Green Island Power Authority, the New York Power Authority and the Long Island Power Authority.

Mr. Finning then asked how do you or what qualifications do you need to become a board member?

Chairperson McNulty-Ryan stated a resident of the Village of Green Island and voting age.

Mr. Finning asked if someone from outside of Green Island become a board member?

Chairperson McNulty-Ryan not as our By-Laws are written.

Attorney Legnard stated that is a State Law requirement.

Mr. Finning stated that he finds that odd when you say we are on the world competition for business and limit yourself to board members that are ...

Mr. Finning stated then that is the only qualification to be a resident?

Dave responded yes.

Mr. Finning then asked how do you become a board member?

Chairperson McNulty-Ryan stated that you express interest.

Mr. Finning said do you just so up, how do you get on the board?

Chairperson McNulty-Ryan stated that most of the people that are on the board had attended meetings and expressed an interest.

Chairperson McNulty-Ryan stated that you have to be appointed by the Village Board. The Village Board appoints them.

Mr. Finning stated then that the Village Board appoints the members.

Chairperson McNulty-Ryan stated that is correct.

Mr. Finning stated they have to be from Green Island and they don't have to have any qualifications like an engineering degree or electrical engineering?

Chairperson McNulty-Ryan stated no.

Mr. Finning then asked the Chairman becomes Chairman how?

Chairperson McNulty-Ryan stated the Chairman is appointed by the GIPA Board they elect the Chairman.

Mr. Finning stated that his other question is and he was at the Heatly meeting and a few things came up that bothered him a little bit and the one elected official got up and said we don't want to point fingers, we don't want to accuse anybody and blame anybody for the shape that the Power Authority is in. Now, he finds that odd that is not the real world

you lost real millions and not to have anybody accountable for these millions is kind of odd to him isn't it?

Chairperson McNulty-Ryan stated that she doesn't know how you can say that we lost millions; we aren't making the money that we used to make. As Dave pointed out ...

Mr. Finning asked where is the board?

Chairperson McNulty-Ryan stated that they are sitting in the audience.

Mr. Finning said this is the board right here and looked around.

Chairperson McNulty-Ryan stated they sit in the audience during this meeting so that they can see the presentation.

Mr. Finning said okay, I am sorry.

Mr. Finning then stated that Mr. Cocca got up and said that there were mistakes made you said that ...

Mr. Cocca stated yes, he was being honest.

Mr. Finning stated that is one to say ...

Chairperson McNulty-Ryan tried to speak.

Mr. Finning stated that first of all, that we can correct them right, so obviously mistakes have been made ...

Chairperson McNulty-Ryan stated that she does not necessarily would blatantly say that mistakes have been made, what she would say is that she thinks the decisions were made, the best decisions were made with the information that we had at the time.

Mr. Finning said okay.

Chairperson McNulty-Ryan stated that if you want to be a Monday morning quarterback and look back at things would we have done some things differently maybe, yes but at the time ...

Mr. Finning stated that the thing of looking back is to straighten out the mistakes that were made before Monday morning quarterback (inaudible) Now you said that it was Cohoes that led us down this path, is that right?

Chairperson McNulty-Ryan to ask us to become involved ...

Mr. Finning stated in the Cohoes project.

Chairperson McNulty-Ryan stated yes that is correct.

Mr. Finning stated then that his question is what was Cohoes liability, what did they put up to venture after this, I mean if you went with Cohoes is it only Green Island Power Authority that spread out the money for this and Cohoes was a free ride?

Dave stated that Cohoes initially, he only knows this from looking at past costs, Cohoes initially put up money to be a part of that and then they subsequently backed out.

Chairperson McNulty-Ryan stated but they paid for their portion of it.

Mr. Finning asked then where did the money go?

Dave stated that because it was a partnership at the time ...

Chairperson McNulty-Ryan stated that we have a file here ...

Mr. Finning stated so Cohoes did put up money and they lost their money because they backed out with you now.

Chairperson McNulty-Ryan and Dave concurred with that remark.

Mr. Finning said then they kind of played you against the Canadian company, didn't they?

Chairperson McNulty-Ryan stated I don't know ...

Mr. Finning stated that once they were on your team and then settled with them ...

Chairperson McNulty-Ryan stated right.

Mr. Finning stated then it seems to him that they played you.

Chairperson McNulty-Ryan stated that our purpose of becoming involved in it was not just to help Cohoes, as Dave pointed out before, we are still trying to do expansion up here. We have had to refuse some economic development here because we do not have the low cost hydropower to accommodate that without penalizing our regular ratepayers. Once we exceed the three (3) megawatts of hydropower that we have, which is our "cheap" power we have to go into the PPAC, the Purchased Power Adjustment Cost. Our economic development is a double-edged sword because now we have more PPAC and the Power Authority does not get anything out that it is strictly a pass through. So, we have more PPAC but that economic development is 1/3 of our entire tax base. We would be in serious trouble right now, if we hadn't had that economic development in the north end.

Mr. Finning stated that when you are talking about extending the thing that you have, he is all for that, but going up to Cohoes seems like a crazy idea to him. Especially since he has been in the business and he has worked on many hydro plants – power plants. The first statement in the paper was that it was going to make more water going over the Cohoes Falls and that is the last thing you want done if you have a hydro plant, you want it to go through your plant right?

Chairperson McNulty-Ryan and Dave Paterniani both stated that the design is different; so you could actually create more power, generate more power and have more water go over the falls.

Mr. Finning then asked if you are still pursuing, do you want to build a plant up there? Does the Power Authority still want to build a plant up there?

Chairperson McNulty-Ryan stated that it would depend on if the circumstances were correct, if power prices come up and the numbers worked. There could still be a possibility of pursuing something like that.

Mr. Finning stated that he finds the estimate on building the plant real low, a \$100 million.

Chairperson McNulty-Ryan stated that our estimates go by Jim Besha, who is our engineer and he has built several of these plants.

Mr. Finning stated that it sounds like the little one up in Cohoes that he worked on off the bridge, which was in 1990.

Dave Paterniani stated that the plans for the Cohoes Falls Project, he believes he built that in the western part of the states, maybe Wisconsin.

Mr. Finning stated that \$100 million seems awful low. He is worried about whether it is the Jim Coyne method of building, when he went to build the Civic Center it was \$43 million it started and then he said he wanted seats and air conditioning and everything and all of sudden it was \$73 million and that is his fear with the Cohoes Project. He thinks that your estimates are awful low and then your base for revenue is awful small, don't you agree?

Dave questioned what he meant for the base for revenue?

Mr. Finning stated Green Island Power, people that pay bill, where do you raise money from?

Dave responded that if a \$200 million plant was built, we would have a contract in place, a power purchase contract.

Mr. Finning stated that you will have to borrow the money, float bonds right?

Chairperson McNulty-Ryan just wanted to make sure that Mr. Finning understood that the ratepayers would not pay for the hydro plant to get built. It is totally separate.

Mr. Finning asked where would you get the money?

Dave responded to whomever we would sell the power to, like he said ...

Mr. Finning said somebody has to put up the money first where do you get that money?

Chairperson McNulty-Ryan stated that you would have to have a contract with someone who would be willing to enter into a contract with you to buy the power after it is built and that would give you the ability to borrow the money.

Mr. Finning stated okay.

Chairperson McNulty-Ryan stated to Mr. Finning that if the rates stay where they are, we aren't going to be building anything anywhere right away.

Mr. Finning stated that he would like to see improvements to the one that we own it makes more sense.

Mr. Finning stated to go up there and start digging, when first of all you are going to have to fight with the Canadian company, they own the rights, right? How do you get the rights from them?

Chairperson McNulty-Ryan stated that we still have a court case that is out there right now and we are not spending any money on it, we are just waiting for a decision and that decision would probably decide.

Mr. Finning stated that he really didn't want to get on the Cohoes case but his other point is that these decisions that are made, the quality of life in Green Island is going down drastically and no one wants to get blamed they don't want to switch people, they don't want to change nothing or cut places. When you mentioned the 2% cap in New York, it doesn't pertain to Green Island, the County got us already for 8% right, your board has already said that you don't have to stay under the 2%, so I would assume that in order to go over the 2% ...

Chairperson McNulty-Ryan stated that if you stay for our next presentation, we are actually going to be under the 2%.

Mr. Finning stated that he is glad to hear that because you scared me when you said they can go over it and the County already got us and now that Heatly doesn't the money that you are not giving them, now Heatly can't possibly stay under their 2% he is just assuming and besides that our rates are going up also.

Chairperson McNulty-Ryan stated that the rates have already gone up they are not changing after this.

Mr. Finning so when you say let's not blame anybody and let's all work together, he doesn't know what that means, you don't need him to come and put up a couple of poles up and lines do you, he would do that if that would help.

Chairperson McNulty-Ryan stated to be careful what you offer.

Mr. Finning stated that he would do that if it would help you out, he would put up the poles and run the lines if you need help on Saturdays he will be there but the thing is that no one is being blamed and everybody from the taxpayers to the seniors on fixed incomes from the kids at Heatly everybody is being hurt by these bad decisions that were made and no one wants to own up to them and accountability has to be there.

Chairperson McNulty-Ryan stated to Mr. Finning that the decisions that were made, were made with the best information that we have and she has a picture right here from files from when your brother was the Executive Director of this, he was very instrumental in becoming involved in the Cohoes Falls. It is all documented so these decisions go way back okay and we need to move forward. A lot of people made a lot of decisions that we thought were the best thing at that time, there is nothing that we can do to undo those and if you want to talk about changing things and making it better. I think Dave just did a terrific presentation with the 100's of thousands of dollars that we have cut out of here in expenses. You have a board that is willing to serve at no compensation and she thinks that we have done a lot of things. We have two (2) of our Village guys ...

Mr. Finning interrupted and stated these are the same people that made the mistakes and they admitted to making the mistakes, so what he can see is all the cards are in your hands. Failure or success is yours and he hopes that it is successful and his hopes are with you.

Chairperson McNulty-Ryan stated that she hopes that it is successful too, but she wants to say is that the decisions that were made long before she was involved in this start back a long time ago. So if you want people to take responsibility, we are going to go way back to when it started.

Mr. Finning stated certainly, accountability should be part of the job.

Chairperson McNulty-Ryan stated that she is with him.

Mr. Jeffrey Connery of 50 High Street stated that looking at these numbers it is hard to see the numbers that you had up there and he was trying to listen to what you were saying but to him it looks like you have a tiger by the tail here trying to repair it. How much money was spent to pursue the Cohoes Project?

Dave Paterniani responded that it was \$3.7 million.

Mr. Connery asked how do we pay that back?

Dave stated that we are paying that back through bonds, like he said ...

Chairperson McNulty-Ryan interjected and stated through the revenue from the Hydro Plant, it has nothing to do with the ratepayers. The ratepayers pay nothing towards what the hydro ...

Mr. Connery stated so the Hydro Plant is what is paying those bonds back.

Chairperson McNulty-Ryan stated correct.

Mr. Connery stated that he understands some of it but why is it that we are not pursuing because if you talk to a lot of people in this town, everybody thinks our power comes right from that plant and a lot of people are under that assumption.

Chairperson McNulty-Ryan stated that every meeting we explain this, ask your grandfather, every meeting we explain that we under contract and we must sell our power, we would love to be able to use our own power right now because ...

Mr. Connery asked how long are we under contract for?

Dave responded that the earliest that we can get out of that contract is January 1st, 2015 which has already been heavily pursued.

Mr. Connery stated that you are talking about an expansion for that plant correct?

Dave responded yes.

Mr. Connery asked if that expansion is that so we can after 2015 possibly use our own?

Chairperson McNulty-Ryan stated yes.

Mr. Connery stated that is the plan.

Dave stated that the original plan before the economy tanked was to have that – the contract was suppose to expire and actually does expire but there was two-year clause in it that when you put notice in you have two (2) years. So the soonest we can get out now is 2015. The contract was set to expire in 2013 and when they expansion plans were put in place back in approximately 2006 that was suppose to be ready to come on line when that contract expired so that we could use the additional power from the plant.

Mr. Connery stated that he can see where a lot of people's confusion comes in ...

Chairperson McNulty-Ryan stated that Dave is explaining it trust her.

Mr. Connery stated that this is the first meeting that he was at, he apologizes he couldn't make the other one but he looks at this project and he thinks to himself okay how big are we going to try to expand this new plant too? What is the current plan now?

Dave responded that the current expansion plan is 48 megawatts.

Mr. Connery asked how many megawatts it is now?

Dave responded six megawatts.

Mr. Connery stated that it is 6 megawatts now and we want to expand it to 48 megawatts.

Dave stated that it would be three times the amount of power that we make now. So we make between 40 and 50 million kilowatt hours a year, if it is expanded to 48 megawatts, it would make 150 million kilowatt hours.

Chairperson McNulty-Ryan stated that means it could peak at 48 kilowatts the best conditions going.

Mr. Connery then asked how many kilowatts does the Village use now?

Dave stated right now it is 6.

Mr. Connery then asked why would we build so big, why wouldn't we just try, if we are in such a crisis financially, why would we be looking to build a mansion? Why wouldn't we build what we need with a little bit of extra for the Village? Why wouldn't we do that?

Dave responded that it is not FIRM, the 6 megawatts produced is not FIRM power, which means it is not doing that 24 hours a day. Our low flow period is August so in August the plant may generate 2 megawatts and that is when Green Island is peaking, the residents that is when they are using the most power and you are at 6 megawatts so there is a 4 megawatt gap right there. The expansion would bring the FIRM capacity to 6 megawatts.

Mr. Connery questioned the expansion of?

Dave responded the expansion of our existing plant.

Mr. Connery stated that he is confused with the megawatts and the kilowatt-hours. If you were to expand that plant, how many megawatts would you be trying to produce?

Dave stated 48.

Chairperson McNulty-Ryan stated that it could peak at 48.

Mr. Cocca responded that is the rated output of power for the plant. It doesn't say that it will run at that every minute.

Mr. Cocca stated that the kilowatt-hours are the actual flow, the amount of electricity that is put out ... (inaudible)

Chairperson McNulty-Ryan stated that you build it at that size so that you are sure that you have the minimum of what you need when you are using your max and what you produce over that, you sell on the market and it creates revenue for the Power Authority.

Mr. Connery would like to ask something let's say that you look at a \$10,000 surplus at the end of the year that is not much.

Dave and Chairperson McNulty-Ryan stated they know it is better than a deficit.

Mr. Connery asked what happens how far do you go with this before you have to consider selling it?

Chairperson McNulty-Ryan stated that we can't sell it.

Dave commented that we already explored it.

Mr. Connery stated then you just have to keep taking the hit for it as it goes.

Chairperson McNulty-Ryan stated that we can meet our bond covenant continuing on as we are right now. We just can't provide the extra revenue for the municipal service agreement. She can't foresee prices going lower than they are right now. So, we should be able to maintain and keep our head above water. We have eliminated as much expense as we can, we are operating at bare minimum and at this point, she would have to say that she gives a lot of credit to Dave and Kristin and all those guys at GIPA, who work so hard because they have done a terrific job of operating understaffed and keeping this village going and she couldn't be more proud of them and they are doing a hell of a job.

Mr. Connery stated that when he looks a few years back before the market collapsed and there were a lot of issues, this thing seemed like a cash cow to me, is he wrong about that, it was producing a lot of money.

Chairperson McNulty-Ryan stated that is correct and it was giving it all back to the Village and the school. We had a surplus at that time for unforeseen things.

Mr. Connery stated that really this year will predict a dire set of circumstances for he entire Village, obviously there has to be some discussion about combining services with other municipalities at some point.

Chairperson McNulty-Ryan stated that we go through that stuff all the time and actually in every case that we have done it combining services with other municipalities would cost us more than doing it on our own. We have checked into the Fire Dept. and it would cost us more to join the other Fire Dept. and we can discuss that at the next meeting but we never stop discussing those items. We are working on it all the time.

Mr. Tom Torrisi of 103 Hudson Avenue asked how many people are employed the Green Island Power Authority?

Dave questioned Mr. Torrisi if he was referring to full-time.

Mr. Torrisi stated that is correct.

Dave stated that it is 8 full time equivalents.

Mr. Torrisi stated that thinking outside the box, he would like to think that everybody whenever they get an idea they bring it forward right away to try to get it incorporated to make the business better but looking at it realistically he does not think that happens and what he is wondering is would there be any possibility of the Green Island Power Authority having an incentive program so that when people do get an idea rather than just saying okay and they are not going to use it. They bring it forward and then things that are good are evaluated and maybe they are put to use and maybe they will save you some money. Of course, what do the people get well it is an incentive program they get a small percentage but they also get the satisfaction of knowing that they have done something to make the business better and all he is thinking is that maybe you guys ought to think about something like that.

Chairperson McNulty-Ryan stated that she requests people – the upside of going through bad times is when we never get this many people to come down and listen to anything. You come to our board meetings every month, you know you can't find two people to sit together down here when things are going good nobody wants to bother to come down and know about anything and when we get into hard times, the only good thing about is that everybody comes down and listens. You come down and you come to us with ideas and we implement. A lot of times you have come to us with things that we already investigated and told you why we can't do them. I wish we could get more people involved in what we do.

Mr. Torrisi stated that what he is suggesting is for your business to try to do a little better by utilizing the brainpower of your employees. There is no one smarter than your employees they know different ways of doing things, yet you probably don't know that know. If you could just pick their brains, you might find something very beneficial.

Chairperson McNulty-Ryan stated that Joe Casale has come down with several suggestions for cutting costs and different ways of doing things. They do that all the time, those guys up at GIPA have really put their heads together and they have been working even more with our Public Works on various projects and helping each other.

Mr. Torrisi asked but do they get a little extra in their paycheck that is what he is saying. If they got a little extra in their paychecks you would have more ideas.

Chairperson McNulty-Ryan stated that she wished they could but we can't right now but you know what the difference is we have people that live here, work here and they are really committed and their reward is the fact that we show our appreciation, it can't always be in dollars but we do a lot of things to show our employees our appreciation and she thinks that is why they work so hard. She really does feel that way and those guys up at GIPA have come up with some really great ideas and how to do things more efficiently.

Mr. James Finning of 2 Shelbourne Drive, Loudonville, NY stated that he would like to commend Dave on an excellent presentation. He knows very well that the information that you have to explain is not easy, so you did a great job. The second item is that he feels he has to defend himself on Chairperson McNulty-Ryan's comment about him earlier. In the initial concept of the Cohoes Project he was for exploring the project when Cohoes was involved, he thought it was a good idea, all for exploring the idea. When Cohoes pulled out, he hopes that you have somewhere on record, that he pulled out, when Cohoes said we don't want to do this any more he said we shouldn't do this anymore. He hopes that you have that on record somewhere.

Chairperson McNulty-Ryan stated that all she has is what is in your file that is here.

Mr. Finning stated that if you have him on record saying that when Cohoes was involved he thought it was a good idea to explore. Never did he think that it was a good idea to go forward without Cohoes' involvement. So, he would like to make that perfectly clear to everybody. A couple of points that his brother made, to him and he doesn't want to make any waves that don't need to be created tonight because he thinks what you said and what David said was a lot of good information. However, when the FERC said to the Green Island Power Authority that you can't build this project for a \$100 million, it would be \$380 million to build a 100 megawatt plant, his point which he didn't get to make at the school the other night was that should have been enough for everybody to stand back and say that this is not a good idea. We shouldn't be spending any more money on this project, FERC is never going to license it, they are never going to revoke the Canadian projects license and when you said that you can't build that project for \$100 million that should have been the end of it. We could have saved \$3.8 million running down that road and he knows and he understands that it was with all good intentions and he takes her at her word that we are not spending any more money on that ...

Chairperson McNulty-Ryan stated that we are not spending any more money on that.

Mr. Finning stated that is a great thing and he hopes that the final nail gets driven into that coffin and he hopes that it comes soon. One of the questions that he has for David is that he is a little confused on what is acceptable to the PSC that goes into the rate?

Dave stated that it is only items that benefit the ratepayers. So when you have a project outstanding there is no benefit to the ratepayers until it comes on line.

Mr. Finning stated then that it can't go into our power use rate base, which forces us to take the revenue to pay those bonds out of our revenue from our hydro project.

Dave stated that he doesn't want to say yes, it is a mixed pool of revenue. However ...

Mr. Finning stated that is if the revenue can't come from our ratepayers then it has to come from the revenue from the hydro project.

Dave stated that this is more complicated than anything I said ...

Mr. Finning stated that no one knows that better than him. It is very complicated.

Dave stated that the PSC has a rate of return that they allow which is between 5 and 6 % and that is based off of your operating property. Therefore, you are allowed at the end of the year to make a small amount of money on your distribution rates. Where they are operating now, which we haven't been through a year with the new rates yet, but we should have a small amount of money available at the end of the year from our distribution rates and that small amount could be applied to the bonds, to our debt service payments. Another point is that the PSC unbundled the services and what that means is that the hydro is now segregated and has its revenue, its expenses and its operations are all completely separate in the eyes of the PSC and our distribution system with its associated debt expenses – salaries, administrative and general is all segregated.

Mr. Finning stated okay. His last comment is that he does volunteer his services and if you want his opinion, maybe you don't, but if you ever need his opinion or want him to, he will put as much time back into the Green Island Power Authority as you will him.

Chairperson McNulty-Ryan stated thank you.

Chairperson McNulty-Ryan then asked if there was anyone else who wished to speak?

No further comments.

Chairperson McNulty-Ryan closed the budget hearing of the Green Island Power Authority at 6:15 p.m.