



# Oswego County Public Utility Service

*Power For Progress*

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# Annual Report 2005

**Power For Progress!**

**Low Cost Power  
for Economic Growth**

## **Executive Summary**

The Oswego County Public Utility Service Board is required to submit an annual report on the Power For Progress program to the Oswego County Legislature by February 15 of each year by Local Law No. 3 of 2004 Section 2 Subsection 1(h). The Board respectfully submits this document as its 2005 annual report.

During 2005, the Board conducted 11 meetings, during which it:

- Developed and adopted a policy manual to provide guidance to the Board;
- Developed a decision matrix to enhance objectivity during application review and consistency in decision-making;
- Reviewed 33 applications for power allocations (2 applications withdrawn);
- Approved 12 private sector applications;
- Approved 9 municipal applications (including Oswego County);
- Denied 10 applications which did not meet eligibility criteria or meet the County Legislature's intent for the program.

The Board is pleased to report, for the period of January to December, 2005:

- Power for Progress allocations to the private sector provided businesses with \$1,250,741.30 of energy rebates and are associated with 144 planned new jobs and 177 retained jobs.
- Allocations to municipalities resulted in energy rebates totaling \$952,530.21.
- The low-cost energy allocated to the County of Oswego produced rebates totaling \$969,799.88.

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

## **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 ESCO selected by the County is Select Energy of Syracuse, NY. The Board is required to submit an annual report to the Oswego County Legislature by February 15 of each year.

Board members, appointed by the Oswego County Legislature on November 10, 2005, 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 Oswego joined the Board, by legislative appointment, on January 4, 2005

The Board met 11 times during 2005: Jan. 11, Feb. 8, March 15, April 5, May 3, June 2, July 8, Sept. 8, Oct. 6, Nov. 10 and Dec. 8. Its meetings are open to the public.

## **Allocations**

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 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 on Select Energy bills, 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 Select Energy’s 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 are typically one year in duration. Twelve private sector entities were approved in 2005. The value of credits/rebates to the private sector between January and December 2005 was \$1,250,741.30. Table 1 reports the minimum allocations to private sector participants and the associated jobs impact.

<b>Table 1 – Group I private sector allocations and associated new jobs and job retainage.</b>		
<b>Company</b>	<b>Allocation</b>	<b>Associated Jobs Created/Retained</b>
Acro-Fab	125.6 kw	0 / 22
Canfield Machine and Tool	28 kw	0 / 38
Empire Fresh Cuts	60 kw	12 / 0
Fulton Tool Company	12 kw	0 / 19
Great Lakes Veneer	308 kw	18 / 61
Huhtamaki Consumer Packaging	1,000 kw	65 / 0
Industrial Precision	20 kw	0 / 23
Oswego County Opportunities	18 kw	10 / 0
Oswego Warehousing	38 kw	1 / 2
Oswego YMCA	10 kw	22 / 0
Riverview Business Park	150 kw	0 / 12
Sure Lock Industries	51 kw	16 / 0
		<b>Totals 144 / 177</b>

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 the first 12 months of the program. The total value of the credit/rebates to county taxpayers during this period was \$969,799.88.

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. Eight of fourteen applicant municipalities met the eligibility criteria, and are listed below. Allocations vary based on monthly demand and power availability. The total value of the credit/rebates to municipal taxpayers was \$969,799.88

- City of Oswego
- City of Fulton
- Town of Scriba
- Town of Schroepfel
- Village of Cleveland
- Village of Central Square
- Village of Mexico
- Village of Pulaski

Table 2 below summarizes credit/rebate activity for all participants from January to December 2005.

**Table 2 Oswego County Low Cost Power Program Customer Rebate Report Jan. to Dec. 2005**

<b>Participant Name</b>	<b>Start</b>	<b>Total</b>
<b>Great Lakes Veneer</b>	March	\$140,814.39
<b>Acro-Fab, Ltd.</b>	March	\$32,048.13
<b>Fulton Tool Co.</b>	March	\$24,150.80
<b>Empire Fresh-Cuts</b>	April	\$45,443.39
<b>Sure-Lock Industries</b>	April	\$45,880.36
<b>HUHTAMAKI</b>	April	\$880,108.40
<b>Canfield Machine &amp; tool</b>	April	\$24,429.80
<b>Riverview Business Park</b>	December	\$18,810.82
<b>Oswego YMCA</b>	October	\$5,120.66
<b>Oswego Warehousing</b>	October	\$29,676.57
<b>Industrial Precision Products</b>	December	\$4,257.98
<b>Oswego County Opportunities</b>	Jan. '06	<u>\$0.00</u>
<b>Group I Totals</b>		<b>\$1,250,471.30</b>
<b>County of Oswego</b>	January	<u>\$969,799.88</u>
<b>Group II Totals</b>		<b>\$969,799.88</b>
<b>City of Oswego</b>	January	\$710,643.59
<b>V. Central Square</b>	March	\$39,077.28
<b>T. Schroepfel</b>	March	\$14,715.34
<b>V. Mexico</b>	March	\$39,264.54
<b>V. Pulaski</b>	April	\$44,147.90
<b>T. Scriba</b>	April	\$38,927.17
<b>City of Fulton</b>	April	\$63,695.40
<b>V. Cleveland</b>	November	<u>\$2,058.99</u>
<b>Group III Totals</b>		<b><u>\$952,530.21</u></b>
<b>Grand Totals</b>		<b>\$3,173,071.39</b>

*Sources: Select Energy & Natural Gas Business Associates*

**Acknowledgements**

The Board has benefited greatly from the counsel and advice of Mr. Michael Treadwell of Operation Oswego County.

The Board wishes to express its appreciation to Natural Gas Business Associates and to Select Energy for their excellent work and the very cooperative spirit of participation in our meetings.

The Board also expresses its deep appreciation to Mr. Phil Church for his excellent work as the County-assigned staff and Board's secretary, and to the Honorable Greg Osetek and Mr. Richard Mitchell for their timely advice and counsel.

**Chairman's Statement**

As the Board is very much aware of the significant positive economic impact that this program is having upon the businesses and citizens of Oswego County, we continue to diligently pursue our responsibilities.

As Board Chairman, I wish to express my sincere appreciation to the other Board members for their diligence in carrying out our assigned responsibilities and for the cordial friendship that has developed as we have worked together.

Respectfully submitted,

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