

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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July 11, 2002

Honorable Magalie R. Salas,
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: Docket No. EL99-73-000
Griffiss Local Development Corporation

Dear Secretary Salas:

For filing, please find the Comment of the New York State Public Service Commission in the above-entitled proceeding. Should you have any questions, please feel free to contact me at (518) 473-7136.

Very truly yours,

Leonard Van Ryn
Assistant Counsel

Enclosures

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Griffiss Local Development Corporation) Docket No. EL99-73-000

COMMENT IN SUPPORT OF SETTLEMENT PROPOSAL

Pursuant to 18 C.F.R. §385.602(f)(2)(2001), the Public Service Commission of the State of New York (NYPSC) respectfully submits this Comment in Support of Settlement Proposal regarding the Joint Settlement Proposal filed by Niagara Mohawk Power Corporation (Niagara Mohawk), Griffiss Local Development Corporation (GLDC), and Oneida County Industrial Development Agency (Oneida IDA) (collectively, the Supporting Parties).

Copies of all correspondence and pleadings should be addressed to:

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Under 18 C.F.R. §385.602(f)(2), comments on the Joint Settlement Proposal are due July 11, 2002.¹ By this comment, the NYPSC supports the Joint Settlement Proposal.²

¹ NYPSC previously intervened in this proceeding, by a Notice of Intervention and Comments dated July 22, 1999.

² The procedural history leading to the filing of the Stipulation and the Joint Settlement Proposal is detailed in the Sponsoring Parties' Explanatory Statement filed June 24, 2002 in this proceeding.

The Sponsoring Parties have submitted to the Commission a Settlement Service Agreement that would be implemented as a Commission-jurisdictional tariff, Niagara Mohawk's Rate Schedule 315. The Settlement Service Agreement and Rate Schedule 315 effectuate the terms and conditions NYPSC recently adopted upon its consideration of a revised Joint Stipulation and Settlement Agreement (the Stipulation).³ The Stipulation resolved both GLDC's request that it be permitted to provide electric service on the site of the former Griffiss Air Force Base (the Base) in Rome, New York, under a state-jurisdictional Certificate of Public Convenience and Necessity, and Niagara Mohawk's claim that GLDC must compensate it for stranded costs resulting from the conversion of the load on the Base from Niagara Mohawk's service to GLDC's service. Since the implementation of the Stipulation is dependent upon certain sales subject to the Commission's jurisdiction over wholesale rates, the Commission's approval is needed before the terms and conditions of the Stipulation can be effectuated.

The Stipulation and the Settlement Service Agreement further important state interests in the economic development of the Rome and Utica regions in upstate New York. The closure of the Base has had a devastating impact on the local economy in that region. The City of Rome lost approximately 30% of its population, 23% of its housing market, and more than 10,000 jobs following the Base closure. Surrounding regions were also adversely affected. GLDC's purpose is to promote economic development within the region and reverse the economic decline by bringing new businesses to the former Base, which has been reconstituted as the Griffiss Business and Technology Park (the Park).

³ NYPSC Case 99-E-0990, Oneida County Industrial Development Agency and Griffiss Local Development Corporation – Certification and Light Regulation, Order Granting Certificate (issued May 24, 2002). A copy of this Order is attached to the Joint Settlement Proposal filing letter submitted by the Supporting Parties.

The Stipulation and the Settlement Service Agreement allow GLDC to bring to the Park electric energy supplies furnished under New York economic development programs. Among these state-sponsored electricity supply programs are Economic Development Power (EDP) , Power For Jobs (PFJ) , and Economic Development Zones (EDZ). An allocation of 2.0 MW has already been assigned to GLDC under the EDP program. PFJ and EDZ program allocations are potentially available in the future within the Park. Moreover, during the term of the Stipulation, GLDC will receive a credit of \$0.01353 per kWh on the first 34 million kWh of energy Niagara Mohawk delivers to GLDC each year. This credit is funded through provisions for furthering economic development adopted by NYPSC upon its orders establishing Niagara Mohawk's existing retail rate plan.⁴

These state-sponsored energy supply rates are essential to GLDC's redevelopment of the Park.⁵ With the availability of lower-priced electricity, GLDC can attract new businesses to the Park, furthering its goal of promoting economic development within the economically-distressed Utica-Rome region. Without this low-priced energy supply, GLDC might not be able to achieve this economic development goal.

Prompt approval of the Settlement Service Agreement, retroactive to January 1, 2002 as the Sponsoring Parties request, is needed to ensure that the energy supplies available under the New York economic development programs can be delivered to the Park. Through

⁴ NYPSC Case 01-M-0075, Niagara Mohawk Power Corporation – Approval of Merger and Rates, Opinion No. 01-6 (issued December 3, 2001).

⁵ The Commission has stated it recognizes the legitimate state interest in promoting economic development, a policy applicable here. Re: New York State Electric & Gas Corp., 84 FERC ¶61,185 (1998), reh'g den., 87 FERC ¶61,049 (1999); Re: New York State Electric & Gas Corp., 77 FERC ¶61,044 (1996), reh'g den., 83 FERC ¶61,203 (1998).

these deliveries, the Park can pursue its economic development goals, thereby promoting the welfare of the Rome-Utica region.

Therefore, NYPSC respectfully requests that the Commission accept the Joint Settlement Proposal as a full resolution of all the issues in this proceeding, and that the Commission accept Niagara Mohawk's Rate Schedule No. 315 for filing, retroactive to January 1, 2002.

Respectfully submitted,

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of the State of New York
3 Empire State Plaza
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Dated: July 11, 2002
Albany, New York

CERTIFICATE OF SERVICE

I, Janet Burg, do hereby certify that I will serve on July 11, 2002 the foregoing Comment of the Public Service Commission of the State of New York by depositing a copy thereof, first class postage prepaid, in the United States mail, properly addressed to each of the parties of record, indicated on the official service list compiled by the Secretary in this proceeding.

Date: July 11, 2002
Albany, New York

Janet Burg