Hi All
Thanks for all your hard work in negotiating this agreement. I know it’s a complicated situation. Here’s my comments on the PILOT - currently online in the Ithaca Journal and in print tomorrow. I simplified language for public comprehension. When I refer to Cayuga’s profits, I’m speaking of the $5 million/yr plus 50% that they don’t have to return to NYSEG. I believe this similar to your reference to one-half NOI over $14m.
I’d be happy to discuss these ideas with any of you, if interested.
Michael - will you forward this to the IDA or should I?

Cayuga plant deal should limit profit

When announcing the April 6 public hearing for the proposed payment-in-lieu-of-taxes (PILOT) agreement with the beleaguered Cayuga Power Plant, county leaders directly involved with the contract negotiation made ominous remarks about the plant’s economic status. In light of their remarks, one questions whether the PILOT agreement does enough to protect Lansing schools, the workers and the environment from adverse economic impacts if the plant closes.

In speaking to a local radio station, Michael Stamm, administrative director of the Industrial Development Agency, questioned whether the power plant would be profitable even if it were repowered. And in The Ithaca Journal, Jay Franklin, director of the Tompkins County Assessment Office, commented that subsidies paid by NYSEG customers were keeping the plant afloat.

Franklin is referring to the $45.6 million annual surcharge that NYSEG customers have been paying on our electric bills — since January 2014 and until June 2017 — to keep the plant operating.

This surcharge, for “reliability support services,” or RSS, has been added to our bills to pay for capital improvements and to cover payroll, materials and other operating costs so that the plant can continue operating. The plant is needed to provide power to Auburn during hours of peak demand — typically on hot summer days.

Auburn’s day-to-day electric supply comes via transmission lines northeast of Auburn. However, these wires are old, and they overheat when supplying additional power during peak demand. So until the old wires are replaced, Cayuga is needed to send supplemental power up to Auburn via transmission lines from the Lansing plant.

Thus the surcharge is essentially a tax — a fee imposed on the public to serve a public need.

However, it stops being a tax and becomes a corporate bailout when the plant uses
our money to earn a profit that it is allowed to keep.

Regrettably, the IDA’s proposed PILOT agreement, which outlines the payments the plant must make to the county and Lansing town, school and fire district over the next two years, allows such a corporate bailout to occur.

Under the terms of the proposal, the power plant’s profits are taxed at the various municipal and school tax rates — and the plant gets to keep the rest of the profits, which it has been able to earn only because our $45.6 million a year has underwritten their operating costs, and enabled them to generate and sell power on the open market.

Cayuga should not be allowed to keep the profits it made on the backs of the annual subsidy we have been required to pay. Instead, Cayuga’s profits should be returned to the public and should be used to serve public interests — something which seems especially important in light of the plant’s uncertain future.

The IDA should revise the PILOT to require that Cayuga’s profits be placed in a reserve account that will be used if the plant closes to serve public interests such as supporting the local tax base, providing job training to employees and cleaning up the toxic coal ash on the site.

In short, Cayuga should not be allowed to profit off our subsidies. The PILOT should focus more on protecting the community by recovering the money we have invested.

Irene Weiser
irene32340@gmail.com
Brooktondale, NY
607-539-6856

Joy to the world
All the boys and girls
Joy to the fishes in the deep blue sea
Joy to you and me.