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William J. Cahill, Jr.  
Chief Nuclear Officer

April 17, 1996  
IPN-96-046  
JPN-96-014

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555

Subject: Indian Point 3 Nuclear Power Plant  
Docket No. 50-286  
James A. FitzPatrick Nuclear Power Plant  
Docket No. 50-333  
**Annual Financial Report**

Dear Sir:

Enclosed are ten copies of the Authority's Annual Report for 1995. This report is being forwarded as required by 10 CFR 50.71(b).

This letter contains no new commitments. If you have any questions, please contact Ms. C. D. Faison.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William J. Cahill, Jr.', written in a cursive style.

William J. Cahill, Jr.  
Chief Nuclear Officer

Enclosures  
cc: see next page

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U.S. Nuclear Regulatory Commission  
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King of Prussia, PA 19406

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Clarence D. Rappleyea  
Chairman and Chief Executive Officer

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Vice Chairman

Louis P. Ciminelli  
Trustee

Hyman M. Miller  
Trustee

Robert T. Waldbauer  
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President and Chief Operating Officer

William J. Cahill, Jr.  
Chief Nuclear Officer

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Senior Vice President  
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Power Generation

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Marketing and Economic Development

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Corporate Finance

Stephen P. Shoenholz  
Vice President  
Public Affairs

George W. Collins  
Treasurer

Anne M. Wagner-Findeisen  
Secretary

S. David Freeman served as  
president and chief executive officer  
through July 1995.



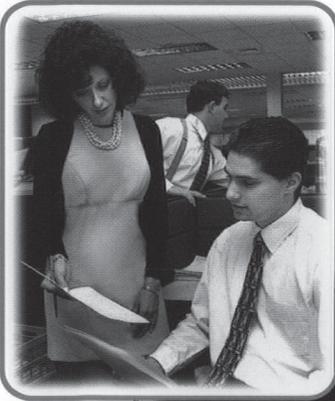
*Seated, left to right:* Vice Chairman Thomas R. Frey, Chairman Clarence D. Rappleyea and Hyman M. Miller. *Standing:* Louis P. Ciminelli, left, and Robert T. Waldbauer.

Thomas G. Young served as  
chairman through April 1995.

Linda P. Duch served as a  
trustee through July 1995.

John B. Daly served as a  
trustee from July 1995  
through December 1995.

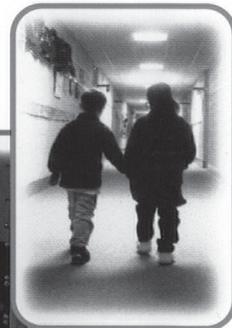
\* Resigned in January 1996



1995 ANNUAL  
REPORT

Building partnerships with our customers

to benefit New York State



## About the Power Authority

The New York Power Authority is the nation's largest non-federal public power organization. Providing a quarter of New York's electricity, the Power Authority operates 12 generating facilities and more than 1,400 circuit-miles of transmission lines. It sells power to government agencies; to community-owned electric systems; to job-producing companies; to private utilities for resale—without profit—to their customers; and to neighboring states, under federal requirements.

A non-profit, public-benefit energy corporation, the Power Authority does not use tax revenues or state credit. It finances construction of its projects through bond sales to private investors and repays the bondholders with proceeds from operations.

A tradition

of service

On the cover: Photos represent the six Power Authority customers featured in this year's Annual Report. Clockwise from upper left: Olsten Corporation, Melville; New York City government (the Brooklyn Bridge); Steuben Foods Incorporated, Elma; Public Schools of the Tarrytowns; IBM Thomas J. Watson Research Center, Yorktown Heights and Hawthorne; Anchor Glass Container Corporation, Elmira.

In 1995 it became clear to any observer of the electric utility industry that the status quo is a "no go." Especially in New York, it is obvious that the increasing cost of electricity and its detrimental effects on our economy demand significant change in the state's electric industry.



Governor George E. Pataki and Chairman Clarence D. Rappleyea at work in the governor's office.

The shift from regulated monopoly to open competition offers the potential for lower electricity prices that can spur economic growth. As the new chairman of the New York Power Authority, I welcome competition. Throughout my life—in the courtroom as an attorney, on the race course as a Formula Ford driver, on the campaign trail as a candidate or in the Legislature as a lawmaker—I have seen competition produce excellence.

Competition is nothing new to the Power Authority. NYPA has always had to be a low-cost provider to attract and keep customers. Our success demonstrates the value of competition. NYPA's diverse and talented work force is well prepared for the challenge. As New York moves

toward competition in the electric industry, NYPA can serve as a stabilizing force, easing the transition to a new industry structure and working to produce the greatest possible benefit for New Yorkers.

New York's electric costs, which average 50 percent higher than the nation's, add a weighty handicap as the state competes in the race for jobs. Governor George Pataki, who appointed me to the Power Authority's Board of Trustees in June of 1995, has made it clear that economic growth must be among the state's highest priorities.

Lower-priced electricity is an essential part of Governor Pataki's efforts to save and create jobs. The Power Authority's low-cost electricity already helps to protect more than 150,000 jobs at companies statewide. We've proposed steps to enhance NYPA's economic development efforts. Working closely with the state Department of Economic Development and the state Department of Public Service, we hope to develop new ways in which we can boost economic growth and increase job opportunities for New Yorkers.

The New York Power Authority is also assisting the Pataki Administration's efforts to reduce the cost of government. By supplying low-cost electricity and energy-saving services to government, NYPA helps lessen the need for tax dollars to pay the energy bills of public buildings and governmental functions. The Power Authority provides electricity to the New York City government and more than 100 other public entities in the City and Westchester County. Energy conservation programs that help reduce the electric bills of schools and local governments are provided by NYPA to communities across New York State.

Reduced energy costs for all New Yorkers may best be achieved by allowing electricity consumers to shop for the lowest possible price in a deregulated and fully competitive market. This would encourage

## Chairman's Message

cont'd.

suppliers to cut costs, increase efficiency and serve customers more economically. The Power Authority is supporting this concept in a state regulatory proceeding, and NYPA's staff has proposed some specific roles for us to help pave the way.

Transmission access and reliability are keys to achieving lower energy prices. Transmission can create a barrier between buyers and sellers unless power lines are open to all potential users at uniform rates. The staff of the Power Authority has submitted a model proposing that the Authority buy the state's bulk transmission facilities and operate them as a single system. As the transmission owner-operator, regulated to ensure fairness, NYPA could coordinate the supply of electricity from generators to local distributors and maintain the system's reliability and safety. NYPA already owns and operates 1,400 circuit miles of lines, the bulk of the state's high-voltage transmission network. Beyond operational efficiencies achieved by a single operator, NYPA's purchase of the transmission lines would give the utilities funds to partially offset their "stranded costs," uneconomic assets that stand in the way of lower rates.

Lower-priced electricity is an essential part of

Governor Pataki's efforts to save and create jobs.

This provocative concept has added new spark to the already lively debate about the shape of the electric industry to come. Generating thought-provoking ideas is just one more way NYPA serves the people of New York State.

This role is emblematic of the strength and experience the Power Authority can bring to bear in helping to resolve major policy questions. NYPA has demonstrated this potential by building the last five major transmission projects in New York and supervising the decommissioning of the Shoreham nuclear plant on Long Island. We stand ready to take on other important tasks in the public interest.

In the era of competition, serving people is paramount. This Annual Report focuses on some of the Power Authority's customers, their importance to the state and how we're helping them to achieve their goals. The profiles in these pages are success stories. Some are about companies that have prospered in New York, boosting employment. Others discuss the Power Authority's role in lowering government costs.

With its tradition of public service, the Power Authority measures its worth by the value it brings to its customers and all the people of the state. New York's public utility was conceived 65 years ago to provide "yardstick competition" for electricity prices and service—a means of monitoring the performance of the private utilities. At the century's close, it remains a potent force in remaking the utility industry to better serve the people of New York State.



Clarence D. Rappleyea

*Chairman and Chief Executive Officer*

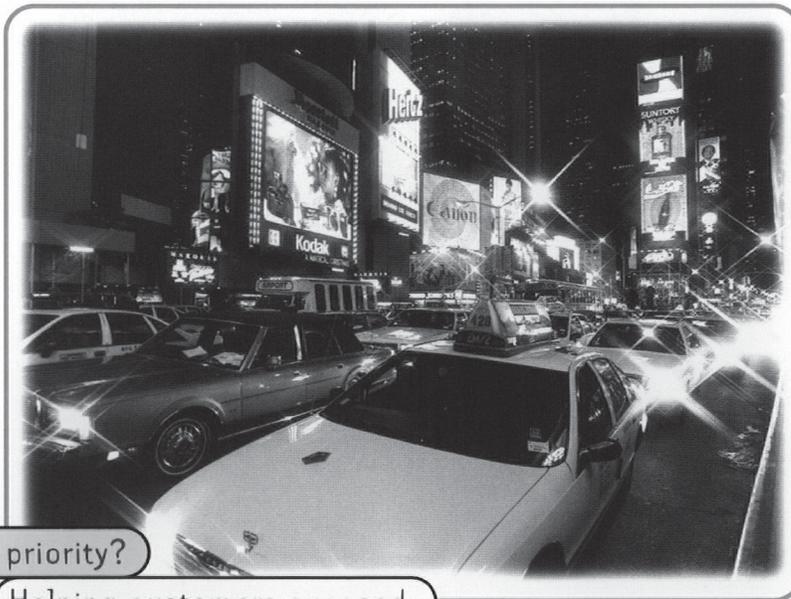
## Meeting the Competitive Challenge

From a local school board in Westchester County and the government of New York City to an upstate glass manufacturer and a Fortune 500 personnel staffing firm on Long Island, New York's public and private enterprises share a common challenge: to succeed in the face of increased competition and often limited resources.

The Power Authority is helping these and other businesses and government entities meet that challenge. Offering low-cost electricity and innovative energy efficiency and service programs, we work in partnership with customers to attract and retain private-sector jobs and reduce public-sector costs.

With the state's high electricity costs emerging as a significant competitive issue for economic development, our affordable power gives customers an edge. It helps them stretch operating budgets or tax dollars to save and create jobs, improve performance, fund municipal services and remain strong threads in the economic and social fabric of New York.

As the utility industry prepares for sweeping changes, the Power Authority must also work to keep its competitive edge. We are repositioning ourselves to meet the demands of a new electricity market while continuing to serve as a vital public asset for all New Yorkers.



Our first priority?

Helping customers succeed.

Our first priority? Helping customers succeed. We're tailoring our services to fulfill their individual needs. Based on feedback from stepped-up communications, our account managers are working hand-in-hand with power users to develop creative solutions to the energy issues facing them and the whole state.

On the following pages, meet some of our partners in energizing the economy and the communities of New York.

The nation's biggest city receives

a boost from the Power Authority.

The energy charging the tempo of life in New York City and its leadership in the arts, communications, business and finance makes the Big Apple one of the world's great cities.

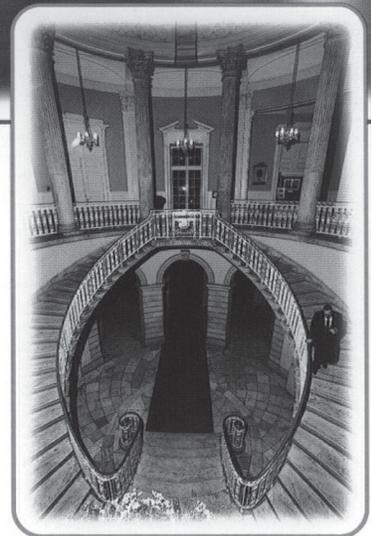
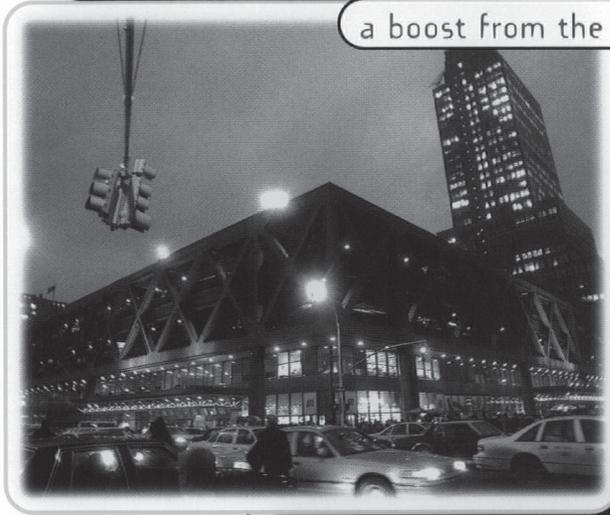
Much of that energy springs from the millions who live and work in the City—from their genius and restlessness, their achievements and aspirations. But some takes other forms, such as the electricity supplied by the Power Authority to fuel a level of public services unmatched by many countries.

The New York City government and the City-based Metropolitan Transportation Authority rank among the biggest users of electricity in the United States. Two other large agencies, the New York City Housing Authority and the Port Authority of New York and New Jersey, are also major consumers. The electricity powers:

- ◆ Almost 300,000 streetlights on a network of roads that if laid end to end would reach from the East River to the California coast and back.
- ◆ The Western Hemisphere's largest mass transit system, with 1.6 billion riders a year.
- ◆ The country's busiest bus terminal, with more than 6,800 buses carrying 185,000 passengers on a typical workday.
- ◆ The nation's biggest public housing program, serving 600,000 people in 180,000 apartments.
- ◆ A public education system with nearly a million students and 1,100 schools and the nation's biggest city university, with an enrollment of 200,000.
- ◆ 22 City-owned hospitals, providing care for 235,000 in-patients and 1.2 million emergency room cases a year.
- ◆ 243 fire stations, 135 police stations, 60 municipal office buildings and a myriad of other public facilities.

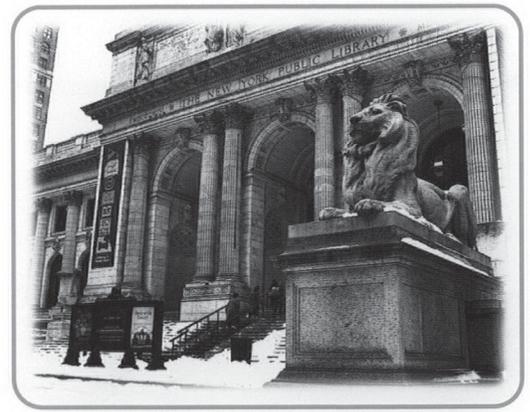
With limited budgets to pay for their huge energy appetites, government entities in New York City have received a boost from the Power Authority's lower-priced electricity since 1976, saving about \$2 billion on their energy bills.

In 1995 NYPA reached new energy-partnership agreements with the City and the three large public agencies that will keep savings flowing to them into the next century. In terms of their value—about \$4 billion over the life of the contracts—and the amount of electricity



The Power Authority brings big savings to the Big Apple. A panorama of NYPA electricity recipients: the Brooklyn Bridge, center, and, clockwise from upper left, the Port Authority bus terminal, the 42nd Street library, the Metropolitan Museum of Art, City Hall and Metro-North Railroad.

involved—7.5 billion kilowatt-hours in 1995—the agreements add up to the nation’s biggest set of power transactions. By locking in lower electricity prices, the pacts will allow the government bodies to devote more



of their revenues to main-

taining services for the millions of people who live or work in the region. “Our agreement with the Power Authority stabilizes the City’s future electricity costs, ensuring that we’ll continue to get good value for our energy dollars,” says William Diamond, commissioner of the City’s Department of General Services.

Diamond estimates the City would pay at least 20 percent more without Power Authority electricity. “With rates holding steady for seven years, the City stands to save \$420 million over what it would pay otherwise,” he says. “Every dollar saved is a dollar that won’t have to be collected from taxpayers.”

Customer: **New York City**

Electricity used for: Municipal government services

Employees: About 280,000

1995 use of NYPA electricity: 3.2 billion kilowatt-hours\*

1995 peak demand: 765,000 kilowatts

1995 savings through NYPA service: \$60 million

NYPA facilities providing power: Principally Indian Point 3 Nuclear Power Plant and Charles Poletti Power Project, supplemented by other NYPA sources

Customer since: 1976

The agreements with the City and the agencies also provide for the Power Authority to undertake initiatives targeted to the customers’ specific needs. These include, for example, further energy efficiency improvements at customer facilities under the Power Authority’s nationally recognized High Efficiency Lighting Program and its Electrotechnologies Program, which substitutes electricity for less-efficient energy sources for heating, cooling and other uses. The City government will obtain NYPA funds to help buy electric vehicles, and public housing residents will receive up to 20,000 energy-efficient, apartment-sized refrigerators a year.

Although the City is its largest customer, the Power Authority has forged similar partnerships with more than 100 public entities in the five boroughs and Westchester County, including the County government and most of Westchester’s municipalities and school districts. The new agreements in 1995 with a majority of these customers ensure that the Power Authority’s electricity and energy services will continue to benefit taxpayers and mass-transit users throughout the region.

\* 1995 electricity use in kwh for other large government customers: Metropolitan Transportation Authority, 2.7 billion; New York City Housing Authority, 1.0 billion; and Port Authority of New York and New Jersey, 0.6 billion

Testing the limits of technology is all in a day's work for the scientists at IBM's Thomas J. Watson Research Center. International headquarters of IBM's research division, the Westchester County complex is the company's largest research center and the corporate manager of a network of labs worldwide.

"Our mission," says Alan Wilson, research division director, operations, is to "leverage the science, technology and talent IBM is famous for and move it into products as quickly as possible."

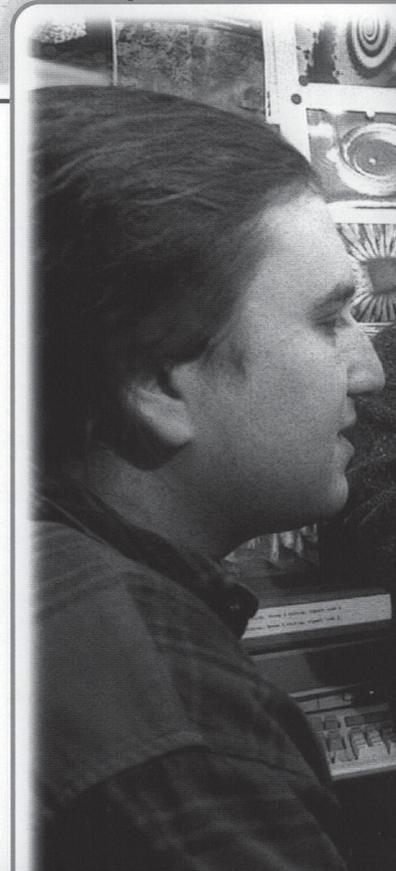
Ensuring that budget limits don't impede researchers' ability to do that is also a top priority.

"In the intensely competitive computer business, we need to bring our energy and other expenses in line with those of our competitors," says Wilson. "We have no choice. We have to lower our costs."

In 1994 the Watson center took a big bite out of its operating expenses by contracting with the Power Authority for 16,000 kilowatts of electricity. (IBM also buys NYPA power for a manufacturing site in Endicott, N.Y.) High-tech lab equipment, 24-hour operation of mainframe and desktop computers and an air-filtration system essential for cleaning dust from sterile research areas boost Watson's power usage to about seven times that of a typical office building.



The savings the Watson center realized from its Authority power contract during the past year translated directly into research dollars, allowing IBM to keep jobs at the facility that might otherwise have been relocated out of state.



With the Authority's three-year allocation, the center shaves about \$2 million from its energy bills annually. "The more money we save in operations, the more we can devote to our research activities," says Dr. Fritz Hohn, group manager, laboratory operations. "And the science is what's most important here."

Customer: **IBM Thomas J. Watson Research Center**

Location: Yorktown Heights and Hawthorne, Westchester County

Electricity used for: Scientific research/computer technology

Employees: 2,265 at two sites

NYPA allocation: 16,000 kilowatts

1995 use of NYPA electricity: 69 million kilowatt-hours

1995 savings through NYPA service: \$2 million

NYPA facility providing power: James A. FitzPatrick Nuclear Power Plant

Customer since: January 1995

Over the years, numerous ideas generated by Watson staffers have borne fruit for IBM, including Fortran (the principal scientific programming language for decades), silicon memory-chip technology and key features of IBM's ThinkPAD™ laptop computer.



But Watson research extends beyond IBM product development. Staff scientists and research fellows

The savings the Watson center realized from its Authority contract have also contributed to advances in health services. Some notable successes: creation of a surgical tool for laser-guided knee and hip replacement, computer modeling of the human immune system to aid disease research, and development of the blood-cell separator.

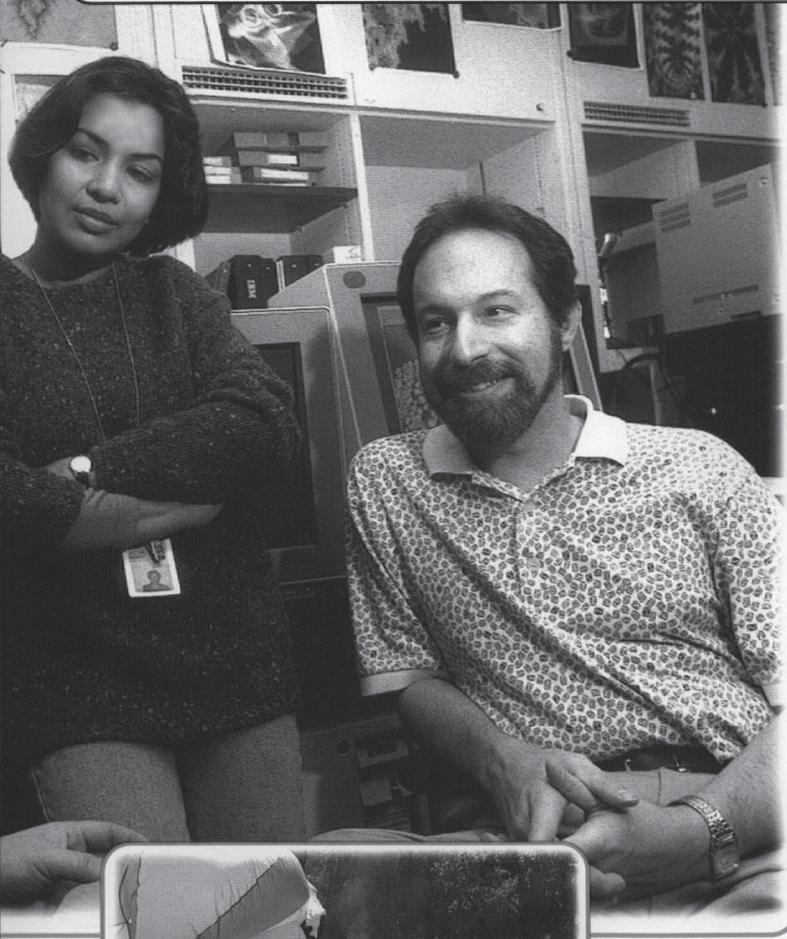
“I think one of the benefits of having a central research division is the many spin-offs of our work that are not designed to help IBM in the marketplace, but are for the good of people in the long run,” Wilson says.

Other Watson spin-offs benefit the local area and New York State every day, he notes. “For every key scientist, there are probably four or five people who enjoy some financial benefit, such as contractors and suppliers. Our taxes are essential to the local school system, of course, but maybe most important is the intellectual vitality we bring to the community.”

The center sponsors educational programs for area students and draws visitors from around the globe, including renowned scientists, heads of state and chief executives from the world's leading companies. “It gives them an excellent impression of the vitality of New York State,” Wilson says.

And of IBM: “Twenty years ago, the research centers were isolated,” he says. “People did their scientific work, wrote papers and gave presentations, but they really didn't have a big influence on the strategy of the company. In the last 10 years, we've realized that for IBM to prosper, the research centers need to be primary resources for technology that differentiates our products in the global marketplace. And they are.”

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World renowned for its biggest city, New York State is also home to 7.9 million acres of farmland—about the size of New Jersey and Connecticut combined—and agriculture remains a key industry.

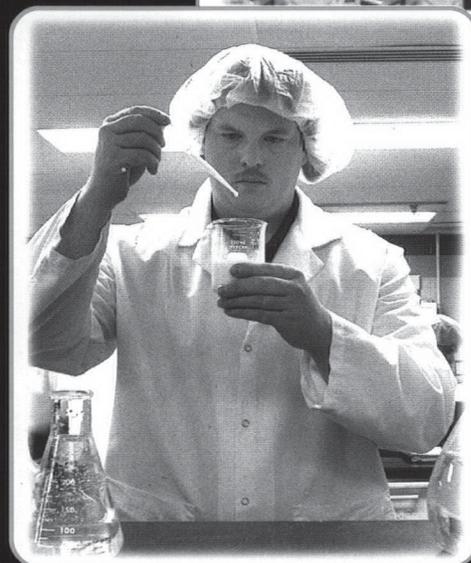
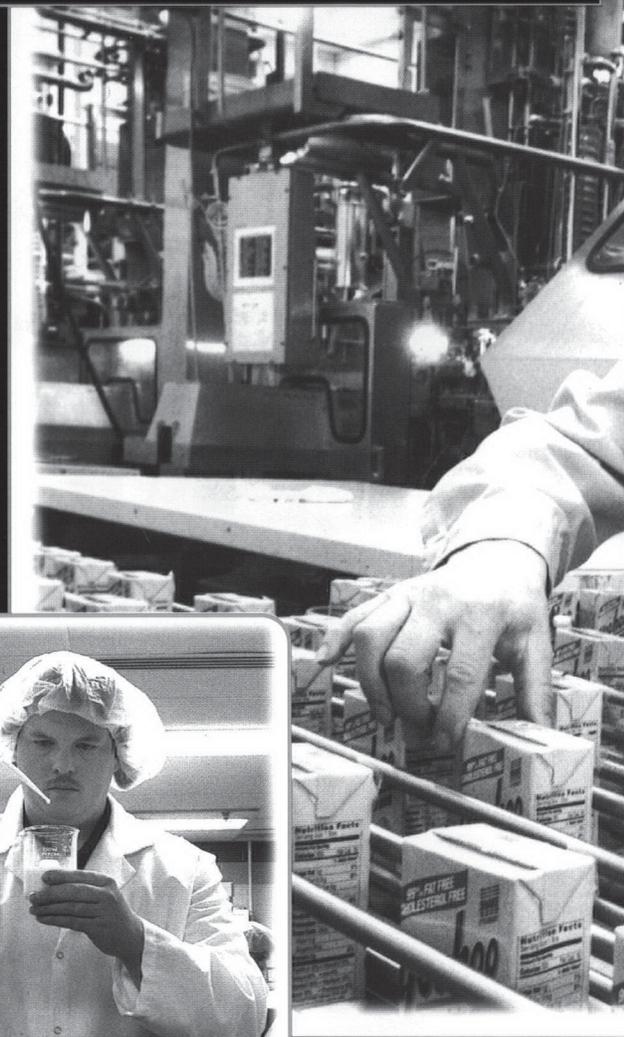
But modern farming and food processing techniques depend on electricity, the cost of which can sometimes be more of a challenge than any event of nature. The Power Authority helps maintain New York State's rural economy through low-cost power sales to large agriculture-based industries as well as small rural electric cooperative systems.

Since 1985 Steuben Foods has emerged as a national leader in high-tech dairy product manufacturing, fueled by a 5,000-kilowatt allocation of Power Authority hydroelectric power. By locating its facility in a vacant 700,000-square-foot building in Western New York, the company has been able to take advantage of some of the lowest-priced electricity in the nation from the Authority's Niagara Power Project.

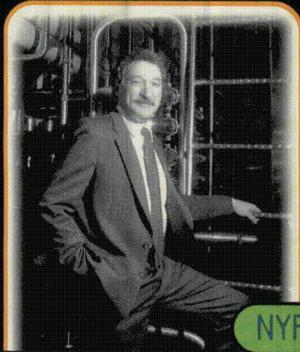
"We wouldn't be in New York State without this electricity," says Steuben President Kenneth Schlossberg (shown top right). "That was a critical factor in choosing to locate here. It allows us to compete nationally in this market and someday will allow us to compete internationally."

Like those of other dairies, Steuben's operations depend on large-scale refrigeration systems. But the company has expanded into specialty products, such as yogurt and puddings, that demand a sterilized environment, requiring all-enclosed, energy-intensive processing systems. Despite its round-the-clock operation, Steuben currently uses only 25 percent of its facility space, leaving plenty of room for growth.

Customer: <b>Steuben Foods Incorporated</b>
Location: Elma, Erie County
Electricity used for: Processing of dairy products
Employees: About 600
NYPA allocation: 5,000 kilowatts
1995 use of NYPA electricity: 20.7 million kilowatt-hours
1995 savings through NYPA service: \$1.3 million
NYPA facility providing power: Niagara Power Project
Customer since: 1985



Affordable electricity—and plenty of it—is essential for Steuben Foods' energy-intensive, non-stop operations.



The company emphasizes new products and new technology, and a research and development staff based in Jamaica, Queens,

**NYPA's Niagara project supplies Western New York industries with some of the nation's lowest-priced electricity.**

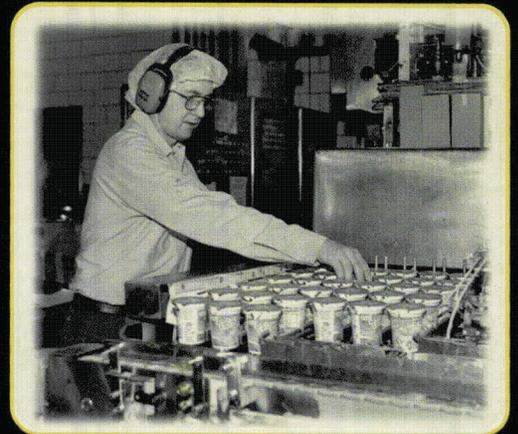
churns out more ideas than Steuben chooses to implement. In some instances, Steuben forms partnerships, using its trained personnel and sophisticated infrastructure to manufacture products that other companies

market. For example, Steuben produces several different lines of yogurt sold under various brand names.

But the big news at Steuben Foods is milk, plain and simple. Most milk purchased by individual consumers comes in bulky containers that must be refrigerated to prevent spoilage. Four years ago, Steuben Foods began producing aseptic milk, with all bacteria removed so it can be stored in sterilized paper containers without refrigeration for up to six months. Moving quickly to realize the product's sales potential, Steuben has become one of the largest producers of aseptic dairy-based products in the United States.

Taking the concept a step further, the company is ready to launch a line of organic milk for consumers who want or need a completely natural supply. Steuben is planning to contract with New York State farmers who agree to raise their dairy cows in an environment free of pesticides, antibiotics, hormones and other technological additives commonly found in milk.

"This would bring more farm jobs to New York State," Schlossberg says. "We think there is a demand in the U.S. for organic milk, so why not produce it here in New York?"



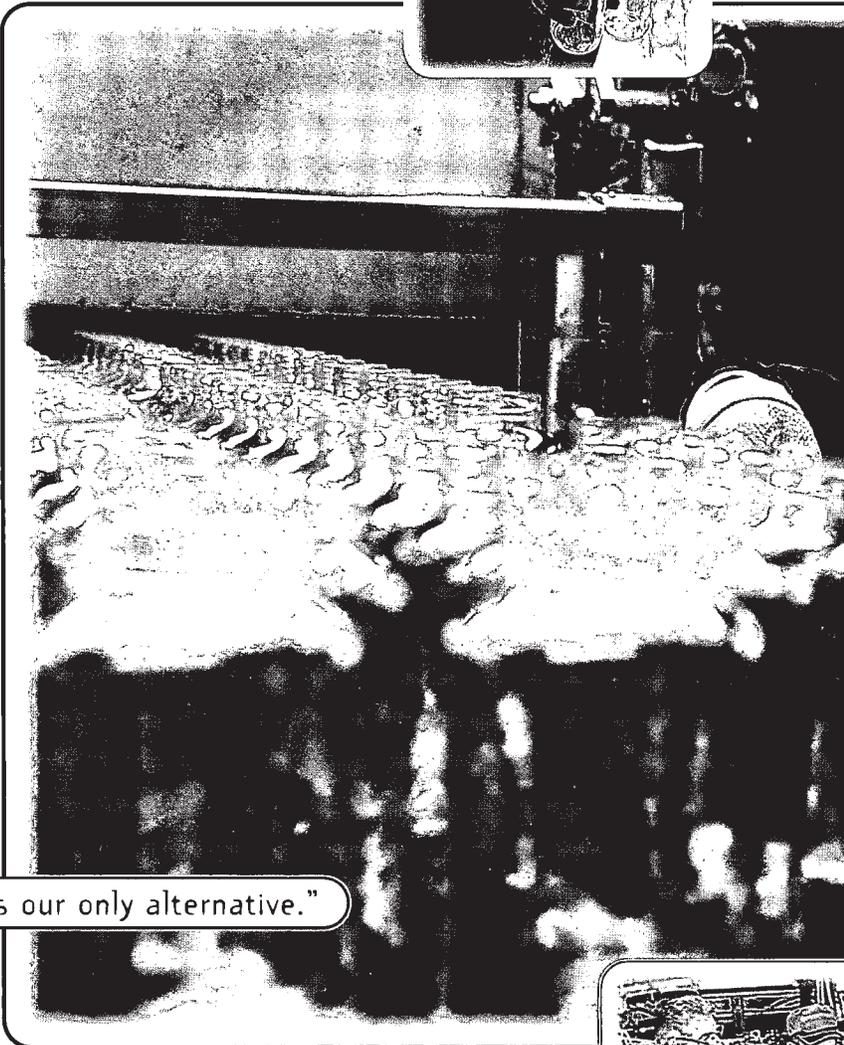
Six years ago, Anchor Glass of Elmira had a simple goal: survival. Facing fierce competition in a flat-growth industry, the Chemung County bottle maker was in danger of closing its doors and ending a 75-year manufacturing tradition along New York's Southern Tier.

But today, "We're the shining star for Anchor as far as quality, productivity and total customer satisfaction, and the county's number-one manufacturing employer," says Michael Sopp, general manager.

He credits the turnaround to aggressive cost-cutting, improved productivity and a total-quality program that relies on strong partnerships with employees, customers and key suppliers like the Power Authority.

"We did everything we could to become a low-cost producer of a quality product—installed more-efficient machines, downsized the work force, spent millions on energy-saving improvements," Sopp says. "But power is a big part of our costs. We could not remain competitive paying our high local utility rates."

The largest user of natural gas and electricity in Chemung County, Anchor spends more than \$3.5 million a year—about 8 percent of its manufacturing costs—on power alone. Its prime competitors are sister plants in New Jersey, Connecticut and Pennsylvania, which pay far less and have the ability to absorb Elmira's customer load.

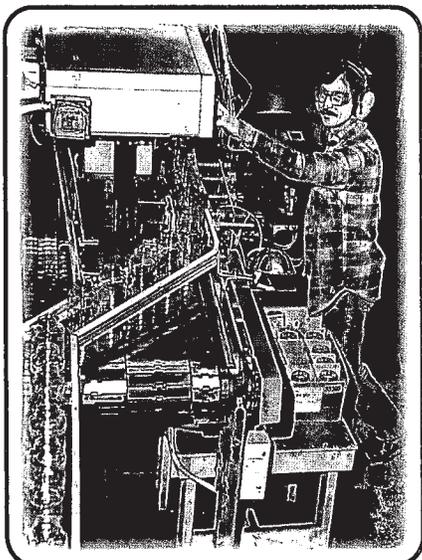


"We needed cheaper power to succeed."

"The Power Authority was our only alternative."

When the plant lost a 1993 expansion opportunity to the Pennsylvania facility because of electricity costs, Sopp turned to the Power Authority. "We needed cheaper power to succeed," he says. "The Power Authority was our only alternative."

Since then, Authority electricity has saved Anchor nearly \$370,000 a year and helped keep the plant running full tilt around-the-clock. No small feat, considering that every day two 2,800-degree furnaces melt 600 tons of sand, soda ash, limestone and cullet (crushed recycled glass) into clear and brown molten glass. After refining, the hot ooze is fed into six bottle-forming machines that churn out 800 food and beverage containers a minute. That adds up to more than 166,000 tons of bottles a year in some 600



Customer: **Anchor Glass Container Corporation**

Location: Elmira, Chemung County

Electricity used for: Manufacturing glass bottles for food and beverages

Employees: 358

NYPA allocation: 6,900 kilowatts

1995 use of NYPA electricity: 33.1 million kilowatt-hours

1995 savings through NYPA service: \$370,000

NYPA facility providing power: James A. FitzPatrick Nuclear Power Plant

Customer since: 1993



different shapes and sizes. Total turnaround from raw material to packaging for shipping: 12 to 18 hours.

Despite the speed, quality is the top priority. "We're focused 100 percent on customer satisfaction," says Sopp. "In the last six months of 1995, for example, we sent one customer 300,939 cases of bottles without a single defect." Another named Anchor its 1994 Supplier of the Year.

Sopp is equally proud of the value Anchor brings to the community. "Our annual payroll is \$12.3 million," he says, "and we provide more than \$97 million a year in direct and indirect benefits to the local economy." Plus, through a ripple effect, Anchor has spawned 281 additional jobs in economically distressed Chemung County.

It's looking to increase that dividend in 1996. Approved for an additional allocation of Authority power that brought the total to 6,900 kilowatts, Anchor is upgrading equipment to boost production.

"We'll be investing about \$10 million to install a state-of-the-art bottle-making machine and other equipment that will increase production by about 15 percent," notes Sopp. "The additional output will serve Cantisano Foods of Fairport, N.Y., which now relies on an out-of-state container facility." (Cantisano also receives Authority electricity under an economic development program for municipal and rural cooperative electric systems.)

"If we didn't have the Power Authority electricity," Sopp adds, "our corporate management would not be spending this kind of money here."

He hopes that Anchor's investment will grow. "We have one furnace sitting idle," he says. "If we get our costs in line and become more competitive with our sister plants, it might encourage corporate to finance its restart. That could easily create 100 more jobs."

And jobs, notes Sopp, will be the linchpin of New York's economic resurgence. "Keeping businesses in New York," he says, "and doing business with other New York companies is what will turn this state around."



Providing a quality product is the top priority for Anchor employees. Plant management turned to the Power Authority for help in keeping these skilled workers on the job.

When Olsten Corporation considered relocating its world headquarters, Long Island's high electricity costs were a primary concern. But rather than lose this Fortune 500 firm—one of the world's leading providers of home health care and temporary staffing services—Suffolk County called out its secret weapon: the New York Power Authority.

"As we compete for companies like Olsten at the international level, it's more important than ever that New York's local and state economic developers work as a team," says George Gatta, Suffolk County's deputy county executive for economic development (at left in photo below with Jim Yates of NYPA's Marketing department). "We've coordinated our local efforts with the economic development staff at the Power Authority for many years. NYPA electricity is very important in making Long Island a more competitive place to do business."

Gerald Kapalko, an executive vice president at Olsten (shown far right), believes that healthy competition brings out the best in a company. And the Power Authority's competitively priced electricity helps Olsten remain one of the nation's largest non-government employers, putting more than 650,000 people on three continents to work in some 300 different skill categories in 1995.

"The money we're saving on electricity is going back into the business, which helps us to remain competitive," Kapalko says.



Customer: <b>Olsten Corporation</b>
Location: Melville, Suffolk County
Electricity used for: Worldwide headquarters of provider of home health care and office staffing services
Employees: 500 at headquarters (supporting 8,000 full-time employees and over 650,000 caregivers and assignment employees on three continents)
NYPA allocation: 1,500 kilowatts
Annual use of NYPA electricity (estimated): 3.7 million kilowatt-hours
Annual savings through NYPA service (estimated): \$230,000
NYPA facility providing power: James A. FitzPatrick Nuclear Power Plant
Customer since: June 1995

"NYPA power is a very important factor for companies

like Olsten in deciding to locate and expand on Long Island."



Already North America's largest provider of home health care and related services, Olsten Kimberly QualityCare has managed care contracts that cover about 26 million people. Meanwhile, Olsten Staffing Services is a leader in filling assignments that range from production, distribution and assembly jobs to clerical and administrative

functions to the design, development and maintenance of information systems.

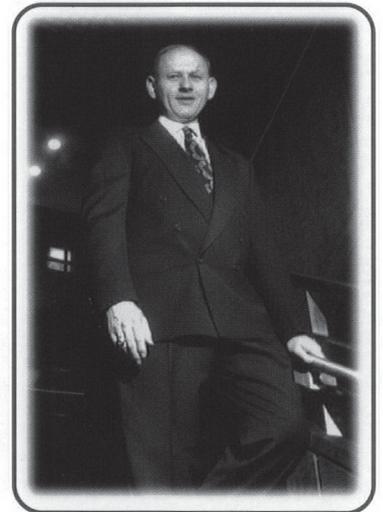
As part of its allocation agreement with the Power Authority, Olsten consolidated its three administrative sites on Long Island into one corporate office on the Route 110 corridor, a major thoroughfare. The company bought a vacant 105,000-square-foot building, expanded it by 75,000 square feet and filled its new headquarters with office equipment that requires a constant supply of electricity. Easily exceeding its commitment to maintain 160 positions at the site, Olsten continues to add more jobs as it coordinates placements for more than 1,200 staffing offices around the globe.

Although he says Olsten chose to take advantage of the Power Authority's low-cost power as "strictly a financial decision," Kapalko

adds that Authority staff members were extremely helpful in navigating the detailed application process that culminated with the start of a 10-year delivery of 1,500 kilowatts on June 1, 1995.

Bruce Ferguson, administrative director of the Suffolk County Industrial Development Agency, says Olsten's decision to stay helps counter the perception that nothing can be done about Long Island's high business costs.

"We do have high costs here, but that means we'll try harder to attract and keep business," Ferguson says. "Low-cost electricity is critical in competing with out-of-state locations. NYPA power is a very important factor for companies like Olsten in deciding to locate and expand on Long Island."



The Power Authority's low-cost electricity helps Olsten add jobs at its Long Island headquarters.

Washington Irving immortalized the Tarrytowns in his *Legend of Sleepy Hollow*, describing this corner of the Hudson Valley as tranquil and unchanging, a place to tarry while enjoying local tales of twilight superstitions.

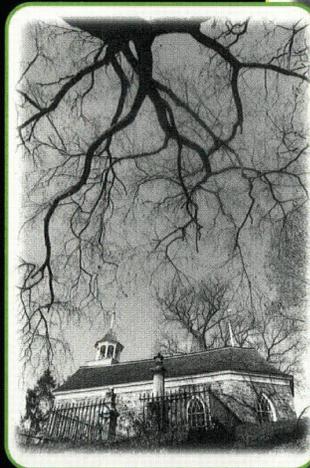
Today, public officials like to promote the area's mythical reputation, but in reality the Tarrytowns face the same modern concerns as other small governments. Rather than conjuring up magical solutions to rising municipal costs and shrinking tax dollars, the Tarrytowns look to the Power Authority for part of the answer.

Since 1976 the Tarrytowns (the villages of Tarrytown and North Tarrytown) and other government agencies in Westchester County have bought the Power Authority's lower-cost electricity for their public facilities. In the two villages, these include municipal buildings, streetlights, public housing and the combined local school district, which together realize savings of more than \$100,000 annually on electricity bills.

In 1995 the Tarrytowns, like the county government and most of Westchester's municipalities, school districts and other public entities, chose to continue their relationship with the Power Authority by signing long-term extensions of their electricity supply contracts, providing a freeze on rates through the year 2000.

Also in 1995, the Public Schools of the Tarrytowns took advantage of the Power Authority's High Efficiency Lighting Program (HELP), which will result in additional savings for the district by cutting its electricity use. The HELP project, financed and implemented by the Power Authority, involved replacing lighting fixtures in six schools and the administration building. Similar projects have typically saved customers approximately 20 to 30 percent on their energy bills.

With a 7 percent increase in the student population in 1995, Schools Superintendent Dr. Donald Kusel appreciates all the HELP he can get.



The Tarrytowns look to the Power Authority for part of the answer to the rising costs of local government.

The Old Dutch Church, left, is a Tarrytowns landmark made famous by Washington Irving. Today, NYPA electricity powers education and other public services in the two villages.

Customers:	<b>The Tarrytowns</b>
Location:	<b>Westchester County</b>
Electricity used for:	<b>Local government services</b>
Employees:	<b>488 full-time</b>
1995 use of NYPA electricity:	<b>6.6 million kilowatt-hours</b>
1995 peak demand:	<b>1,782 kilowatts</b>
1995 savings through NYPA service:	<b>\$111,000</b>
NYPA facilities providing power:	<b>Principally Indian Point 3 Nuclear Power Plant and Charles Poletti Power Project, supplemented by other NYPA sources</b>
Customers since:	<b>1976 (Villages of Tarrytown and North Tarrytown)*</b>

“By enabling us to reduce our energy costs, NYPA helps us take some of the funding pressure off the taxpayers,” Dr. Kusel says. “This is a district dedicated to educating youngsters in a first-class way without frills. Kids come first, but tax-

payers are a very close second.”

The district relies heavily on local property taxes to finance the education of its 2,105 students. Energy savings made possible by the Power Authority have a tangible impact on the local level. But the benefits go beyond the villages or even the state.

About 60 of Dr. Kusel’s students call Franklin Towers home. This federally funded 10-story apartment building is owned by the Tarrytown Municipal Housing Authority, another Power Authority customer. Executive Director Jo Anne Nostrand, a sprightly grandmother of three, manages the agency’s budget by pinching pennies and stretching dollars wherever she can.

“Because we save on our electricity, we don’t need as much of a subsidy from the federal government, so it saves taxpayers money,” Nostrand explains. “The Power Authority enables us to do more with the money we get from Washington. Together we’re proving that public housing can work.”

The Tarrytowns are among the many smaller communities scattered throughout the state that the Power Authority helps with lower-cost electricity. Outside Westchester County, these customers are New York’s 51 municipal and rural cooperative electric systems, where the power not only fuels municipal services but also serves residents and businesses.



\* 1977 (local school district and North Tarrytown Housing Authority); 1984 (Tarrytown Municipal Housing Authority)