

To: the IDA

Re: Hearing on the Cayuga Operating Company PILOT agreement

Date: April 6, 2015

From: Sara Hess, 124 Westfield Drive, City of Ithaca

I understand that a PILOT is negotiated based on the idea of compromise and that both the taxing municipalities and Cayuga Operating Company LLC need to benefit when the plant stays open and sells energy. I'm glad to learn tonight that the formula for the PILOT has been improved from last year, so that now when more power is sold by the plant, it will pay more taxes on the profits.

However, there are two kinds of costs of the plant that only impact the local area and not the plant owners. First are the environmental costs of burning fossil fuels, which are never included in a PILOT agreement. Those costs land only on those of us who live in this region because of the air and water pollution coming from the plant.

Furthermore, there are community costs when millions of dollars in profits flow out of the pockets of ratepayers here and in the 17 county NYSEG area. All the profits made from this plant leave the community. Owners of CPP are major investment institutions, including JP Morgan, Marathon Oil, California Public Employees Retirement System, Standard General (an investment company).

A PILOT formula that keeps some of the profits in an escrow account to pay for community costs makes good sense to me, for the inevitable day when the plant closes, or when clean up of the coal ash piles requires public funds. For example, why not divide the 50% pop-up in profits for CPP in half, and put 25% in escrow. The remaining 25% profit for CPP is still a very healthy profit rate, enough to encourage them to sell as much energy as possible.

This agreement points out how much better our community would be if local energy generation were from clean, renewable sources, and owned locally. Profits would then circulate within our own economy, and

ratepayers would benefit from low costs while school and municipalizes would benefit from tax payments. The Black Oak Wind Farm in Enfield is an excellent example.

Thank you for your attention.