

**Niagara County Industrial Development Agency**

Project Summary / Cost Benefit

AES Eastern Energy, L.P.

Project No. 10-13

December 2010

---

**Applicant:** AES Eastern Energy, L.P.

**Project Location:** 7725 Lake Road  
Barker, NY

**Assistance:** AES Eastern Energy, L.P has two (2) requests:

1. Authorize the release of approximately 180 acres of land just west of the power plant on Route 18 for sale to Verizon and a new data complex.
2. Request for a New Deviated PILOT

**Description:** AES Eastern Energy, L.P. was established on November 18, 1998 in the State of Delaware for the purpose of acquiring the former NYSE&G Kintigh power plant. This 650 megawatt coal fired electric power generating station facility occupies 1800 acres in the Town of Somerset and employs approximately 135 people.

AES Eastern Energy, L.P., is asking the NCIDA to amend the January 2010 PILOT Agreement between AES Eastern Energy, Niagara County, Barker School District and the Town of Somerset. The current five (5) year Payment In Lieu of Tax (PILOT) Agreement for the Somerset facility calls for an annual PILOT payment of \$15,800,000 starting in 2011. Due to current economic conditions AES has stated that the Somerset plant needs to reduce costs everywhere possible.

**9/24/10 Request:** AES Eastern Energy, L.P., requested that the existing payment schedule be reduced by \$1 million dollars every year for the next 8 eight years to an annual payment of approximately \$7.8 million.

9/24/10 PILOT Request:	2011	\$14,800,000
	2012	\$13,800,000
	2013	\$12,800,000
	2014	\$11,800,000
	2015	\$10,800,000
	2016	\$ 9,800,000
	2017	\$ 8,800,000
	2018	\$ 7,800,000

**Niagara County Industrial Development Agency**

Project Summary / Cost Benefit

AES Eastern Energy, L.P.

Project No. 10-13

December 2010

Page 2

---

**10/29/10 Request:** AES Eastern Energy, L.P. submitted a new letter requesting a modification to the NCIDA Application for Assistance. This request calls for modification to the 2010 PILOT Agreement with the Agency and would cover the years 2012 to 2015. The reduction of payments would be from \$15,800,000 in 2012 to 9,800,000 in 2015.

10/29/10 PILOT Request:	2012	\$12,800,000
	2013	\$ 9,800,000
	2014	\$ 9,800,000
	2015	\$ 9,800,000

**Economic Impacts:** Under the terms of the 2010 PILOT Agreement the project facility pays an annual PILOT of \$15,800,000, distributed by a non-standard PILOT Agreement among the Taxing Jurisdictions for a term of 5 years.

The request of AES (9/24/10 and 10/29/10) would represent a reduction in PILOT payment compared to its current PILOT payment. Both the amount and terms of the agreement request would represent reductions in revenue to the taxing jurisdictions.