



**NEW YORK**

September 2, 2009

The Honorable David A. Paterson  
Governor  
Executive Chamber  
State Capitol  
Albany, New York 12224

Dear Governor Paterson:

On behalf of the National Federation of Independent Business (NFIB), New York's leading small business advocacy organization, representing nearly 11,000 employers in our state, I would like to offer our input on the release of your draft state energy plan.

As you know, NFIB/New York's members do not shy from offering their thoughts regarding the challenges of doing business in our state. There are many reasons for this--among them, the nation's highest tax burden and sky-rocketing health insurance costs. Another major factor is the cost of energy in New York.

No matter what your business is, you need energy, and small business owners are troubled by their rising energy costs. In the National Federation of Independent Business (NFIB)'s most recent Small Business Problems & Priorities report, electrical rates were ranked among the top ten issues confronting small business. Our energy costs are the third highest in the nation, nearly 50 percent above the national average. This is not good for business--period.

The draft energy plan your administration has proposed contains many positive developments that would certainly benefit many New Yorkers, if implemented. In particular, the plan's support for a new power plant siting statute is critical to addressing the issue of energy supply. Additionally, the plan's support for competitive markets will help spur the development of new renewable generation--at the lowest cost for consumers. We applaud your foresight in standing firm on these two important issues. However, the draft proposal can certainly be improved. And lowering utility costs must clearly be addressed in the final plan.

We are disappointed that the draft proposal does not offer a realistic path to stable, reliable energy at a lower cost. Nowhere within this plan is any mention of ending the gross receipts tax, lowering utility costs for small businesses, or reducing New York's excessive property taxes; a principal cost escalator for our members. This must be included in the final proposal.

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Page Two

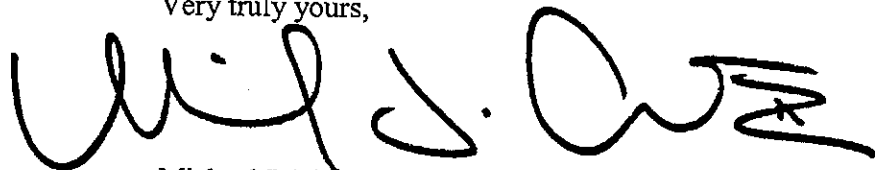
Additionally, it is not enough to simply encourage energy conservation or to work to make our buildings more energy efficient. An effective state energy plan must certainly include these important goals, but must also maintain our current energy generation capacity and bring new generation online to meet rising demand and lower energy costs. It has been more than a decade since significant new generation was brought online in New York and the New York Independent Systems Operator forecasts growing energy demand--even after conservation and efficiencies are accounted for. Now is not the time to remove critical base load capacity from the grid.

Governor, you and I both know that small business is the engine that drives our state's economy and is responsible for more than two-thirds of all job creation. Particularly now, small business truly is the key to achieving economic recovery.

The best way to help small businesses thrive, grow and create new opportunities is to lower the strangling cost of doing business in our state. Increasing energy supply, reducing energy costs and lowering taxes will do just that.

I respectfully encourage you to consider these recommendations during the construction of the final energy plan, and appreciate the opportunity to offer our views on behalf of our members.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Elmendorf II". The signature is fluid and cursive, with a large initial "M" and a distinct "E".

Michael J. Elmendorf II  
State Director, NFIB/NY