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Gavin J. Donohue, *President &
Chief Executive Officer*

March 14, 2008

Majority Leader Joseph L. Bruno
New York State Senate
Legislative Office Building, Room 909
Albany, New York 12247

Dear Majority Leader ^{Joe} Bruno:

IPPNY and its members appreciate your leading the New York State Senate in controlling energy-related costs, taxes, and fees faced by the state's businesses and residents. Thank you very much for responding to our requests for changes to the governor's proposed budget.

In particular, we applaud the sections of the Senate's Budget Resolution (B4655) that reject the following provisions of the Executive Budget proposal:

- Air Permit Fees (Part EE of S.6809-A), the increase of which would have raised costs by \$19 million for businesses (including energy facilities) that are regulated under Title V of the Federal Clean Air Act
- Nuclear Company Fees (Part K of S.6806-A), which would have cost energy consumers \$11.7 million by having nuclear power plants be singled-out to pay for duplicative security services by the State Militia at nuclear facilities
- Corporate Franchise Tax Increase Provisions (Part J of S.6810-A), which would have removed the capital base tax cap in the tax's calculation; according to the Senate's budget documents, this deletion saves businesses, including electric generating companies and natural gas pipeline companies, a total of \$98 million. We hope that the final budget agreement also specifically will delete the governor's proposed language which states that "the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity are not qualifying activities for a manufacturer

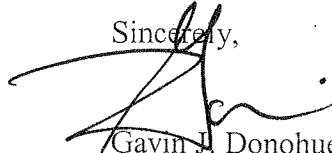
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We are grateful that we can continue to count on the Senate's help to keep low the cost of energy production, thereby avoiding escalating costs for energy consumers and improving the state's economic vitality.

Thank you for your continued support.

All the Best!

Sincerely,

Gavin J. Donohue
President & CEO

Cc: Senator Owen Johnson
Senator George Maziarz
Senator Carl Marcellino
Senator James Alesi
Senator Vincent Leibell