



# 2013



Annual Report  
of the

## HUDSON RIVER - BLACK RIVER REGULATING DISTRICT



**The mission of the Hudson River-Black River Regulating District is to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation.**

## MESSAGE FROM THE BOARD

On behalf of the Board of the Hudson River – Black River Regulating District, thank you for your interest in our 2013 Annual Report. As you will note, 2013 was a busy yet productive year for the Regulating District.

In 1959, the New York State Legislature combined the Hudson River Regulating District (established in 1922) with the Black River Regulating District (established in 1919) forming the Hudson River – Black River Regulating District. In 2009 we celebrated fifty years of effective river regulation. The mission of the Hudson River-Black River Regulating District is to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation and the Board takes this mission very seriously. Our success is due to the excellent working relationship the Regulating District maintains with Federal, State and local legislators, agencies, organizations and leaders. In addition, we commend our diligent staff.

The Regulating District is a New York State public benefit corporation that is operated with predictability, transparency and accountability in mind. For more information about the operation and governance of the Hudson River – Black River Regulating District please view our website at [HRBRRD.com](http://HRBRRD.com) or contact one of our offices.

Sincerely,  
Mark M. Finkle  
Chairman

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**GENERAL REPORT  
OF THE BOARD OF  
THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
PERIOD OF JANUARY 1, 2013 TO DECEMBER 31, 2013**

**TO THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

In compliance with provisions of Section 15-2131 of the Environmental Conservation Law this report is submitted to cover functions of the Board of Hudson River-Black River Regulating District for the period January 1, 2013 to December 31, 2013

**PURSUANT TO SECTION 15-2131 ENVIRONMENTAL CONSERVATION LAW**

15-2131—Reports.

1. The board of any river regulating district created hereunder shall annually, as of such date as the department may provide, submit to it a written report, which shall contain:
  - a. An exhibit of the personnel of the board, and all of the employees and persons connected with the board;
  - b. A financial statement, showing fully and clearly the finances of the district, the amounts and dates of maturity of all bonds, notes and certificates of indebtedness, the amounts of money received, and from what sources, and amounts of money paid and purposes for which same were paid;
  - c. A statement of any petitions received by the board and the action taken thereon;
  - d. A descriptive statement of the work done during the previous year; and
  - e. A statement of the condition of reservoirs and the results secured by the operation thereof in each case.
2. In addition to the matters outlined above the board shall report to the department such other matters as it shall deem proper or the department shall require.

**CONCLUSION**

A detailed report of each area as required by Section 15-2131 is included in this report.

The Board desires to express its appreciation for the cooperation by your Department in respect to the function of the Regulating District.

**DATED:** \_\_\_\_\_

**BY ORDER OF THE  
BOARD OF THE HUDSON RIVER-BLACK RIVER  
REGULATING DISTRICT**

By: \_\_\_\_\_  
Mark M. Finkle  
Chairman

**BOARD MEMBERS:****DAVID W. BERKSTRESSER, OLD FORGE, N.Y.**

Appointed to the Board by Governor Paterson on March 31, 2009 to September 1, 2013.

**MICHAEL ASTAFAN, CARTHAGE, N.Y.**

Appointed to the Board by Governor Paterson on April 15, 2010 to December 7, 2013.  
(Resigned: February 17, 2013)

**THOMAS STOVER, CHAUMONT, N.Y.**

Appointed to the Board by Governor Paterson on June 28, 2010 to September 1, 2014.

**ALBERT J. HAYES, JOHNSTOWN, N.Y.**

Appointed by Governor Paterson on September 13, 2010 to September 1, 2015.

**MARK M. FINKLE, GLOVERSVILLE, N.Y.**

Appointed by Governor Paterson on November 24, 2010 to September 1, 2012.

**NAME****TITLE****OFFICE****EXECUTIVE AND ADMINISTRATIVE PERSONNEL**

Michael A. Clark, P.E.	Executive Director	Albany/Mayfield
Robert P. Leslie	General Counsel	Albany
Richard J. Ferrara	Chief Fiscal Officer	Albany
Mary K. Buff	Sr. Administrative Assistant	Albany
Cheryl S. Jaquish	Sr. Administrative Assistant	Albany (rehired 7/11/13)
John M. Hodgson, Sr.	Hudson River Area Administrator	Mayfield
	Black River Area Administrator	Watertown
Susan A. Visco	Sr. Administrative Assistant	Mayfield
Carol L. Wright	Black River Area Administrator	Watertown (retired 7/13/13)
Lori S. McAvoy	Sr. Administrative Assistant	Watertown
Kimberly D. Scott	Sr. Administrative Assistant	Watertown

**ENGINEERING DEPARTMENT**

Robert S. Foltan, P.E.	Chief Engineer	Albany
Michael A. Mosher, P.E.	Operations Engineer	Albany

**FIELD PERSONNEL**

Daniel J. Kiskis	Sr. Field Assistant	Mayfield
Stephanie V. Ruzycky	Sr. Field Assistant	Mayfield
Randy T. Palmateer	Foreman	Mayfield
David J. Ioele	Maintenance Specialist	Mayfield (rehired 7/11/13)
Eric S. Johnson	Principal Plant Operator	Conklingville Dam
Douglas H. Criss	Field Superintendent	Stillwater Reservoir
Michael A. Dicob	Principal Plant Operator	Stillwater Reservoir
Timothy R. Harwood	Plant Operator	Stillwater Reservoir

**PERMANENT PART-TIME**

Darrin W. Harr	Resident Gate Keeper	Indian Lake
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**CONTRACTUAL SERVICES**

<b><u>NAME</u></b>	<b><u>SERVICE</u></b>	<b><u>LOCATION</u></b>
Black River Field Staff	Weather Observer	Big Moose
Kevin Muncy	Weather Observer	Copenhagen
Gerald Morczek	Weather Observer	Highmarket
William Hanchek	Weather Observer	Hooker
David Sundquist	Weather Observer	Lowville
Electric Department Foreman	Weather Observer	Beaver Falls*
Brookfield Power	Weather Observer	Black River*
		Taylorville*

\*Volunteer cooperators

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE  
STATE OF NEW YORK)**

**Financial Statements  
June 30, 2013 and 2012  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants



**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

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## INDEPENDENT AUDITOR'S REPORT

September 26, 2013

To the Board of Directors of  
 Hudson River-Black River Regulating District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Hudson River-Black River Regulating District (the Regulating District), a New York Public Benefit Corporation, which is a discretely presented component unit of the State of New York, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Regulating District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Regulating District as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

**Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013 on our consideration of the Regulating District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regulating District's internal control over financial reporting and compliance.

*Bonadio & Co., LLP*

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2013 AND 2012**

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This Management's Discussion and Analysis (MD&A) of Hudson River-Black River Regulating District (the Regulating District) provides an introduction to the major activities and operations of the Regulating District and an introduction and overview to the Regulating District's financial performance and statements for the fiscal years ended June 30, 2013 and 2012.

Following this MD&A are the basic financial statements of the Regulating District together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. The Statements of Net Position and the Statements of Revenue, Expenses and Change in Net Position (on pages 8 and 9, respectively) provide both long-term and short-term information about the Regulating District's overall financial status. The Statements of Cash Flows (on page 10) provides information on the sources and uses of the Regulating District's cash through operating, capital and related financing and investing activities. The information contained in the MD&A should be considered in conjunction with the information contained in the Financial Statements and the Notes to Financial Statements.

**REGULATING DISTRICT ACTIVITIES**

The Regulating District was created in 1959 when the New York State Legislature passed legislation (Article 15 Title 21 of the Environmental Conservation Law) combining the Hudson River Regulating District, founded in 1922, and the Black River Regulating District, founded in 1919. Both were created to regulate the flow of the waters of New York State's two great neighboring watersheds.

The legislation charged the Regulating District with regulating the flow of the two rivers, including health and safety, as required by the public welfare. Specifically, the Regulating District's responsibilities include reducing floods caused by excess run-off, and augmenting river flow at times of drought or other periods when normal river flows are low. Organized as a public benefit corporation, the Regulating District was given a broad spectrum of legal powers to accomplish this mission, including the authority to build and operate reservoirs, issue bonds, and apportion costs on its beneficiaries to finance construction, maintenance, and operation of its reservoirs.

The Regulating District's operations are conducted under two regional operating units - one for the Black River area and another for the Hudson River area - each with segregated budgets. The management of both regions is vested in a seven-member Board appointed by the Governor of New York State. The mission of the Regulating District is to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation. The Regulating District Board formulates policies to accomplish its mission at Great Sacandaga Lake, providing flood protection and low flow augmentation through reservoir releases in accordance with the Upper Hudson/Sacandaga Offer of Settlement; at Indian Lake, Stillwater Reservoir, Old Forge and Sixth Lake, providing storage during periods of high flow and augmenting flows during periods of low flow; operating a data-gathering system for precipitation, stream flow, snow depth and flood conditions; providing the public with information pertinent to its mission; operating and maintaining facilities; maintaining a sound financial status for the Regulating District operations; managing the lands of the State of New York under the Regulating District's jurisdiction; and promulgating rules and regulations necessary to fulfilling its mission.

## REGULATING DISTRICT ACTIVITIES (Continued)

The Regulating District currently receives its primary funding from statutorily defined beneficiaries. In the Hudson River Area, that beneficiary group is comprised of five (5) counties that directly benefit from flood protection. In the Black River Area, statutory beneficiaries are comprised of hydrological power generators and industrial operations that directly benefit from augmented river flow. These beneficiaries are annually assessed their proportional share of Regulating District operating expenses. A secondary revenue source comes from hydropower agreements that provide annual revenue in exchange for the ability to utilize headwater on Regulating District-administered state land for hydroelectric generating purposes. A third source of revenue, in the Hudson River area only, is the Sacandaga Lake Access Permit System, which generates revenue equal to the cost of its operations.

The financing of the two areas is accomplished independently because operating costs of each are recovered from two different sets of statutory beneficiaries, hydropower (or water usage) agreements and, in the Hudson River area only, the Great Sacandaga Lake Permit System. Statutory beneficiaries in both watersheds are assessed proportional shares of all other budgeted operating and overhead costs, after deducting the estimated revenue from the hydropower agreements, permit system, and estimated interest income. In 2009, the Regulating District determined the cost of the Permit System using a costing methodology recommended to the Board by an outside consultant. Revenue from statutory beneficiaries, hydropower agreements, and permit holders, if collected, is sufficient to balance the Regulating District's annual budget.

## FACILITIES

**Hudson River Area Facilities:** The Regulating District administers the lands of the State of New York that constitute the Great Sacandaga Lake (Sacandaga Reservoir) as well as its shoreline, and issues annual revocable permits to eligible property owners for access to the lake across State land. The lake, impounded behind the Conklingville Dam, is the heart of Regulating District operations in the 8,300 square mile Hudson-Sacandaga area. The Regulating District also owns and operates Indian Lake Reservoir and Dam.

**Black River Area Facilities:** In the Black River drainage area of 1,916 square miles, the Regulating District operates reservoirs and dams at Stillwater, Old Forge, and Sixth Lake.

**Administrative Offices:** The Regulating District's General and Administrative Office occupies leased space in Albany. A Regulating District-owned building in Mayfield houses the Hudson River Area's Sacandaga Field Office. The Regulating District's Black River Area Office occupies rented space in Watertown. A Regulating District-owned building at the Stillwater Reservoir houses the Black River Field Office.

## OPERATIONS SUMMARY

The Regulating District's scope of operations and concomitant costs (in 000s) are as follows:

	Black River Area			Hudson River Area		
	2013	2012	2011	2013	2012	2011
Operating revenues	\$ 1,291	\$ 878	\$ 918	\$ 8,083	\$ 6,903	\$ 5,731
Operating expenses	<u>(1,444)</u>	<u>(1,363)</u>	<u>(1,421)</u>	<u>(11,386)</u>	<u>(7,649)</u>	<u>(6,400)</u>
Operating income (loss)	(153)	(485)	(503)	(3,303)	(746)	(669)
Net non-operating revenue (expense)	<u>1</u>	<u>9</u>	<u>44</u>	<u>1</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (152)</u>	<u>\$ (476)</u>	<u>\$ (459)</u>	<u>\$ (3,302)</u>	<u>\$ (746)</u>	<u>\$ (669)</u>

**OPERATIONS SUMMARY (Continued)**

Operating expenses fall into four major categories: property taxes, personnel expenses, engineering and maintenance, and administrative overhead. While other expenses remain fairly stable, engineering and maintenance costs vary from year to year depending on a number of factors that affect our reservoirs, dams, and shoreline. These factors include, but are not necessarily limited to, weather, environmental protection and remediation, regulatory requirements, and recreational use of facilities. Since it is the dams that make possible the Regulating District's regulating of reservoir levels and river flows, and which restrain water to prevent flooding, maintenance of these dams is the Regulating District's primary activity.

For fiscal year 2013, consolidated Regulating District operating expenses increased dramatically due to the write off of previously recorded receivables on Hudson River assessments. An agreement was made for a reduced payment on outstanding assessments by the five (5) counties.

Historically, the Regulating District's board restricted reserve funds have served to minimize the effect that budget fluctuations would have on the statutory beneficiaries that provide its primary funding. When available, these reserve funds retain operating surpluses in lower expense years, and provide a means of funding operating deficits in high expense years – an effective means of assessment stabilization. At the end of fiscal year ending 2012, all reserves of the consolidated Regulating District were liquidated. Currently these funds have yet to be replenished.

Contributing somewhat to annual imbalances between revenues and expenses has been the Regulating District's legislative mandate to adopt three-year budgets. While multi-year budgets, with revenues assessed equally for three years, serve to stabilize assessments during the budget cycle, they also tend toward surplus early in the multi-year cycle and deficit in the final year. Fiscal year 2013 was the first year of the three year budgeting cycle.

**STATEMENT OF NET POSITION SUMMARY (000s)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Buildings	\$ 937	\$ 937	\$ 937
Building improvements, furniture and equipment	1,694	1,694	1,694
Vehicles	740	740	740
Dam structures	<u>14,118</u>	<u>14,118</u>	<u>14,118</u>
Cost of capital assets	17,489	17,489	17,489
Less: Accumulated depreciation	<u>(14,110)</u>	<u>(13,886)</u>	<u>(13,655)</u>
Net book value of capital assets	3,379	3,603	3,834
Current assets	<u>5,760</u>	<u>15,578</u>	<u>12,870</u>
Total assets	9,139	19,181	16,704
Less: Liabilities	<u>(7,696)</u>	<u>(14,284)</u>	<u>(10,584)</u>
Net position	<u>\$ 1,443</u>	<u>\$ 4,897</u>	<u>\$ 6,120</u>

This analysis reflects the Regulating District's financial position. Asset growth generally occurs in governmental units when 1) cash assets are accumulated, and/or 2) debt is used to finance acquisition or construction of capital (durable) assets such as equipment, furniture, land, buildings, major improvements that extend the life of a capital asset, or leasehold improvements.

Asset shrinkage occurs when 1) accumulated cash assets are used for expenses that exceed revenues, and/or 2) assets acquired during the year cost less than "depreciation."

**CAPITAL ASSETS**

During the past year, depreciation expense decreased the book value of assets. There have been no capital additions during fiscal year 2013 or 2012. Growth of capital assets in a governmental unit is not necessarily an indicator of positive financial conditions, nor is negative capital growth necessarily an indicator of financial deterioration.

**DEBT**

The Board has approved the Hudson River Area's proposed issuance of \$1,288,000 in serial bonds for the completion of two (2) FERC required projects. Both projects are associated with the Conklingville Dam. The proposed timing of the issuance is to be late fall of 2013 or early spring 2014.

**FINANCIAL CONDITION**

On March 12, 2013 the Regulating District reached an agreement with the five (5) counties ending several years of litigation. This "consent" agreement reestablishes the District's Hudson River Area assessment funding stream.

In the Black River Area, operating results remain predictable and within an acceptable range of budget variance.

**FUTURE ECONOMIC EVENTS**

On July 31, 2012, the Regulating District received the final FERC Headwater Benefits Study report defining the equitable portion of the Regulating District's Federal Power Act section 10(f) costs to be paid by the federally licensed merchant for profit hydropower generators benefitted by the Regulating District's operation. The FERC order will complete the shift of the Regulating District's primary funding source from federally licensed for profit hydropower generators to five counties identified in the state statutorily authorized March 12, 2013 Apportionment. These two beneficiary groups, one under federal authority and the other pursuant to state authority, will be assessed annually their proportional share of Regulating District operating expenses.

**REQUESTS FOR INFORMATION**

The accompanying financial statements are designed to provide detailed information on the Regulating District's operations to all those with an interest in the Regulating District's financial affairs. Questions concerning any of the information provided in this report, or any request for additional information, should be addressed to the Chief Fiscal Officer, Hudson River-Black River Regulating District, 350 Northern Boulevard, Albany, New York 12204.



**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**STATEMENTS OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,046,217	\$ 1,075,309
Accounts receivable, net	3,175,596	13,981,617
Prepaid expenses	<u>538,767</u>	<u>520,994</u>
Total current assets	5,760,580	15,577,920
CAPITAL ASSETS, net	<u>3,378,637</u>	<u>3,603,387</u>
Total assets	<u>9,139,217</u>	<u>19,181,307</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	1,124,511	7,506,430
Unearned revenue	-	827,742
Current portion of compensated absences	74,999	69,144
Current portion of retirement incentive	58,679	58,679
Current portion of due to New York State Retirement System	<u>61,721</u>	<u>36,771</u>
Total current liabilities	1,319,910	8,498,766
COMPENSATED ABSENCES, net of current portion	224,998	207,431
OTHER POSTEMPLOYMENT BENEFITS	6,026,798	5,387,502
RETIREMENT INCENTIVE, net of current portion	117,358	176,037
DUE TO NEW YORK STATE RETIREMENT SYSTEM, net of current portion	<u>7,425</u>	<u>14,495</u>
Total liabilities	<u>7,696,489</u>	<u>14,284,231</u>
<b>NET POSITION</b>		
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	<u>3,378,637</u> <u>(1,935,909)</u>	<u>3,603,387</u> <u>1,293,689</u>
Total net position	<u>\$ 1,442,728</u>	<u>\$ 4,897,076</u>

The accompanying notes are an integral part of these statements.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUE:</b>		
Assessments	\$ 4,291,010	\$ 6,219,505
New York State assessments	3,479,631	-
Water power service	1,166,069	1,145,379
Permit fees	429,558	411,794
Other	7,843	4,554
	<u>9,374,111</u>	<u>7,781,232</u>
<b>OPERATING EXPENSES:</b>		
Bad debt	6,166,307	2,060,794
Personnel services and employee benefits	2,929,186	2,628,191
Real estate taxes	2,761,541	2,551,017
Contractual services	642,269	627,730
Depreciation	224,750	230,439
Material and supplies	105,832	127,665
Repairs and maintenance	50	12
New York State service fees	-	787,236
	<u>12,829,935</u>	<u>9,013,084</u>
Total operating loss	<u>(3,455,824)</u>	<u>(1,231,852)</u>
<b>NON-OPERATING REVENUE:</b>		
Investment income, net	<u>1,476</u>	<u>9,549</u>
Total non-operating revenue	<u>1,476</u>	<u>9,549</u>
<b>CHANGE IN NET POSITION</b>	<b>(3,454,348)</b>	<b>(1,222,303)</b>
<b>NET POSITION - beginning of year</b>	<b><u>4,897,076</u></b>	<b><u>6,119,379</u></b>
<b>NET POSITION - end of year</b>	<b><u>\$ 1,442,728</u></b>	<b><u>\$ 4,897,076</u></b>

The accompanying notes are an integral part of these statements.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash received from (paid to) assessment beneficiaries	\$ 11,582,613	\$ (524,677)
Cash received from water power service	1,166,069	1,145,379
Cash received from permit fees	429,558	411,794
Other cash receipts	7,843	4,554
Payments to vendors and suppliers for goods and services	(9,909,384)	(1,694,721)
Payments to employees	<u>(2,307,267)</u>	<u>(2,140,401)</u>
Net cash flow from operating activities	<u>969,432</u>	<u>(2,798,072)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	-	2,763,762
Investment income	<u>1,476</u>	<u>9,549</u>
Net cash flow from investing activities	<u>1,476</u>	<u>2,773,311</u>
<b>CHANGE IN CASH</b>	970,908	(24,761)
<b>CASH - beginning of year</b>	<u>1,075,309</u>	<u>1,100,070</u>
<b>CASH - end of year</b>	<u>\$ 2,046,217</u>	<u>\$ 1,075,309</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$ (3,455,824)	\$ (1,231,852)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	224,750	230,439
Bad debt	6,166,307	2,060,794
Changes in:		
Accounts receivable	4,639,714	(7,571,924)
Prepaid expenses	(17,773)	14,664
Accounts payable	(6,381,919)	2,384,275
Unearned revenue	(827,742)	827,742
Compensated absences	23,422	9,691
Other postemployment benefits obligation	639,296	560,814
Retirement incentive	(58,679)	(58,679)
Due to New York State Retirement System	<u>17,880</u>	<u>(24,036)</u>
Net cash flow from operating activities	<u>\$ 969,432</u>	<u>\$ (2,798,072)</u>

The accompanying notes are an integral part of these statements.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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**1. ORGANIZATION AND REPORTING ENTITY**

Hudson River-Black River Regulating District (the Regulating District) was created in 1959 under Article 15, Title 21 of the Environmental Conservation Law, which combined two organizations, the Black River Regulating District (Black River), formed in 1919, and the Hudson River Regulating District (Hudson River), formed in 1922. The Regulating District is a New York State public benefit corporation that is mandated to regulate stream flows, including health and safety, as required by public welfare. The regulation of stream flows into the two watershed areas is the mission of the consolidated organization. The day-to-day operation and financing of the two areas is conducted independently, because they are not physically related or connected in any way. Accordingly, the operating costs of each are recovered from two different sets of statutory beneficiaries, hydropower (or water power) agreements and, in the Hudson River area only, the Great Sacandaga Lake Permit System. Each watershed area has its own operating personnel; however, a common professional staff serves both. Overall direction is supplied by a board appointed by the Governor of New York State.

The Regulating District is a component unit of the State of New York and, as such, is included in the State's general purpose financial statements. The Regulating District's financial statements include all operations for which the Regulating District has financial accountability.

A significant portion of the Regulating District's employees are covered under a collective bargaining agreement with the Civil Service Employees Administration (CSEA) which expired June 30, 2012. At time of issuance of these financial statements, no new agreement has been reached.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Regulating District's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

**Basis of Presentation**

GASB requires the classification of net position into three components, as defined below:

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2013 and 2012, the Regulating District did not have any debt.
- **Restricted net position** - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of June 30, 2013 and 2012, the Regulating District did not have any restricted net position.
- **Unrestricted net position** - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Cash

The Regulating District's monies must be deposited in Federal Depository Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. During the years ended June 30, 2013 and 2012, the Regulating District also had funds held by New York State in Short Term Investment Pools (STIP). The Regulating District is not responsible for collateralizing the STIP funds, as they are collateralized at the State level. The Regulating District's cash in FDIC insured commercial banks, at times, may exceed federally insured limits. The Regulating District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

### Accounts Receivable

Accounts receivable consists of assessments due from beneficiaries. Accounts receivable are carried on the statements of net position at net realizable value. The Regulating District has elected to record bad debts using the allowance method. Accounts receivable are recorded net of the allowance for doubtful accounts of \$55,100 and \$15,200 at June 30, 2013 and 2012, respectively.

As a result of the Regulating District's agreement with the five (5) Counties, the Regulating District recognized bad debt expense to write off the existing accounts receivable. This change resulted in recognition of \$6,166,307 bad debt expense and a resulting decrease to change in net position for the year ended June 30, 2013.

### Capital Assets

Capital assets are recorded at cost. Capital assets are defined as assets with initial, individual costs exceeding a capitalization threshold of \$5,000 and useful life of two years or more. Depreciation is provided using the straight-line method over the following estimated useful lives:

Dam structures	100 years
Buildings and improvements	15 - 40 years
Equipment	5 - 7 years
Vehicles	5 years

### Accrued Employee Benefits

It is the Regulating District's policy to record employee benefits, including accumulated vacation and sick leave, as a liability. Regulating District employees are granted vacation in varying amounts. Upon retirement from the Regulating District, union employees are reimbursed for fifty percent of all accumulated sick days, up to a stated maximum depending on position held, as specified in the collective bargaining agreement.

### Other Postemployment Benefits

The Regulating District provides certain health care benefits to its retired employees in accordance with the provisions of employment contracts. In general, the Regulating District provides health care benefits for those retired personnel who are eligible for a pension through the New York State and Local Employees' Retirement System.

### Budgets

As required by legislation, the Regulating District operates on a three-year budgeting cycle. Separate budgets are developed for the Hudson River area and Black River area since the cost of their respective operations is borne by a group of designated beneficiaries in each watershed. General administration costs, including Board expenses, are allocated on a proportionate basis to the two areas. The cost of operating the Permit System at the Great Sacandaga Lake is estimated for a three-year period. This involves allocating personnel salaries and benefits, as well as portion of facility and equipment costs to permit system operations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assessments

Resolutions are passed by the Regulating District's Board for both the Hudson River area and Black River area annual assessments at the June Board meeting. On July 1<sup>st</sup> of each year, assessments are billed, and on November 1<sup>st</sup>, a transmittal letter is sent to each town, city or village informing it of each statutory beneficiary in their respective community who did not pay their assessment. Also on November 1<sup>st</sup>, a letter is sent to each County where a statutory beneficiary is located requesting it to charge unpaid assessments on the County's property tax levy for the subsequent year.

### New York State Assessment

The March 12, 2013 Hudson River Area Apportionment established an "amount chargeable to the state" to be 22.18% of the total Hudson River Area estimated operation and maintenance cost. On July 1 of each year, the amount chargeable to the State is submitted to the New York State Division of Budget for inclusion in the State's annual appropriation bill.

### Operating and Non-Operating Revenues

Operating revenue consists of assessments, water power service, and permit fees. The Regulating District defines non-operating revenue as interest earnings on investment assets and realized/unrealized gains or losses on sales of investments.

### Income Tax Status

As a public benefit corporation, the Regulating District is exempt from federal and state income taxes.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 3. CASH

Cash held by the Regulating District in deposit accounts consisted of the following at:

	Carrying Value	Bank Balance
June 30, 2013	\$ <u>49,314</u>	\$ <u>110,586</u>
June 30, 2012	\$ <u>263,679</u>	\$ <u>272,628</u>

The Regulating District's cash deposits at June 30, 2013 and 2012 were secured by the FDIC as follows:

	<u>2013</u>	<u>2012</u>
FDIC	\$ <u>110,586</u>	\$ <u>272,628</u>

Deposits held in Short Term Investment Pools (STIP), held by the NYS Comptroller's Office, funds were \$1,996,653 and \$811,380 at June 30, 2013 and 2012, respectively.

### 3. CASH (Continued)

A summary of the carrying value of cash is as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Cash	\$ 49,314	\$ 263,679
STIP funds	1,996,653	811,380
Petty cash	<u>250</u>	<u>250</u>
	<u>\$ 2,046,217</u>	<u>\$ 1,075,309</u>

### 4. CAPITAL ASSETS

Capital assets consisted of the following at June 30:

	<u>2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>2013</u>
<b>Hudson River Area:</b>				
Dam structures	\$ 12,104,830	\$ -	\$ -	\$ 12,104,830
Building and improvements	1,920,454	-	-	1,920,454
Office and other equipment	224,260	-	-	224,260
Vehicles	<u>589,556</u>	<u>-</u>	<u>-</u>	<u>589,556</u>
Total at cost	<u>14,839,100</u>	<u>-</u>	<u>-</u>	<u>14,839,100</u>
Less: Accumulated depreciation				
Dam structures	(10,287,538)	(144,467)	-	(10,432,005)
Building and improvements	(645,406)	(25,320)	-	(670,726)
Office and other equipment	(162,417)	(6,710)	-	(169,127)
Vehicles	<u>(588,266)</u>	<u>(4,561)</u>	<u>-</u>	<u>(592,827)</u>
Less: Accumulated depreciation	<u>(11,683,627)</u>	<u>(181,058)</u>	<u>-</u>	<u>(11,864,685)</u>
Total Hudson River Area depreciable assets, net	<u>3,155,473</u>	<u>(181,058)</u>	<u>-</u>	<u>2,974,415</u>
<b>Black River Area:</b>				
Dam structures	2,013,195	-	-	2,013,195
Building improvements	406,442	-	-	406,442
Equipment	72,140	-	-	72,140
Vehicles	150,801	-	-	150,801
Office equipment	<u>6,736</u>	<u>-</u>	<u>-</u>	<u>6,736</u>
Total at cost	<u>2,649,314</u>	<u>-</u>	<u>-</u>	<u>2,649,314</u>
Less: Accumulated depreciation:				
Dam structures	(1,860,202)	(20,000)	-	(1,880,202)
Building improvements	(129,344)	(10,122)	-	(139,466)
Equipment	(64,721)	(867)	-	(65,588)
Vehicles	<u>(147,133)</u>	<u>(12,703)</u>	<u>-</u>	<u>(159,836)</u>
Less: Accumulated depreciation	<u>(2,201,400)</u>	<u>(43,692)</u>	<u>-</u>	<u>(2,245,092)</u>
Total Black River Area depreciable assets, net	<u>447,914</u>	<u>(43,692)</u>	<u>-</u>	<u>404,222</u>
Total capital assets, net	<u>\$ 3,603,387</u>	<u>\$ (224,750)</u>	<u>\$ -</u>	<u>\$ 3,378,637</u>

**4. CAPITAL ASSETS (Continued)**

	<u>2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>2012</u>
<b>Hudson River Area:</b>				
Dam structures	\$ 12,104,830	\$ -	\$ -	\$ 12,104,830
Building and improvements	1,920,454	-	-	1,920,454
Office and other equipment	224,260	-	-	224,260
Vehicles	<u>589,556</u>	<u>-</u>	<u>-</u>	<u>589,556</u>
Total at cost	<u>14,839,100</u>	<u>-</u>	<u>-</u>	<u>14,839,100</u>
<b>Less: Accumulated depreciation</b>				
Dam structures	(10,166,491)	(121,047)	-	(10,287,538)
Building and improvements	(596,426)	(48,980)	-	(645,406)
Office and other equipment	(154,580)	(7,837)	-	(162,417)
Vehicles	<u>(581,633)</u>	<u>(6,633)</u>	<u>-</u>	<u>(588,266)</u>
Less: Accumulated depreciation	<u>(11,499,130)</u>	<u>(184,497)</u>	<u>-</u>	<u>(11,683,627)</u>
Total Hudson River Area depreciable assets, net	<u>3,339,970</u>	<u>(184,497)</u>	<u>-</u>	<u>3,155,473</u>
<b>Black River Area:</b>				
Dam structures	2,013,195	-	-	2,013,195
Building improvements	406,442	-	-	406,442
Equipment	72,140	-	-	72,140
Vehicles	150,801	-	-	150,801
Office equipment	<u>6,736</u>	<u>-</u>	<u>-</u>	<u>6,736</u>
Total at cost	<u>2,649,314</u>	<u>-</u>	<u>-</u>	<u>2,649,314</u>
<b>Less: Accumulated depreciation:</b>				
Dam structures	(1,840,202)	(20,000)	-	(1,860,202)
Building improvements	(118,598)	(10,746)	-	(129,344)
Equipment	(62,955)	(1,766)	-	(64,721)
Vehicles	<u>(133,703)</u>	<u>(13,430)</u>	<u>-</u>	<u>(147,133)</u>
Less: Accumulated depreciation	<u>(2,155,458)</u>	<u>(45,942)</u>	<u>-</u>	<u>(2,201,400)</u>
Total Black River Area depreciable assets, net	<u>493,856</u>	<u>(45,942)</u>	<u>-</u>	<u>447,914</u>
Total capital assets, net	<u>\$ 3,833,826</u>	<u>\$ (230,439)</u>	<u>\$ -</u>	<u>\$ 3,603,387</u>

Depreciation expense charged to operations for the years ended June 30 is as follows:

	<u>2013</u>	<u>2012</u>
Hudson River Area	\$ 181,058	\$ 184,497
Black River Area	<u>43,692</u>	<u>45,942</u>
Total depreciation expense	<u>\$ 224,750</u>	<u>\$ 230,439</u>



## 5. RETIREMENT SYSTEM

### Plan Description

The Regulating District participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing, multiple-employer retirement plan. The System provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security law (NYSRSSL). As set forth in NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, New York 12244.

### Funding Policy

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.

The Regulating District's employees are among Tiers 1, 3 and 4. Employees in Tier 3 and 4 are required to contribute at least 3% of their wages to the System. For employees in Tier 3 and 4, the 3% contribution ceases after 10 years of membership or 10 years of credited service.

The System is noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the System contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who join on or after April 1, 2012 will contribute 3% of their reportable salary. Beginning April 1, 2013, the contribution rate for Tier 6 members will vary based on each member's annual compensation varying between 3-6%.

The System cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York State Legislature. The Regulating District's contributions for the years 2013, 2012 and 2011 were equal to the required contributions for the plan fiscal year as follows:

2013	\$	223,497
2012	\$	177,442
2011	\$	188,503

## 6. NET POSITION

The following is a description of unrestricted net position designated by the Board:

- **Assessment Stabilization**  
\$359,300 at June 30, 2012 was designated for the purpose of stabilizing future assessments.
- **Capital Projects**  
\$621,253 at June 30, 2012 was designated for future capital projects.
- **Other**  
\$219,447 at June 30, 2012 was designated for legal, engineering and tax purposes.

## 7. CONTINGENCIES

As of June 30, 2013, the Regulating District continues to defend a series of Article 78 challenges brought by one major statutory beneficiary, a utility, seeking assessment abatements in both the Hudson River and Black River areas covering the years 2000-2013. These cases, commenced annually since 2001, could materially affect the financial position of the Regulating District. The litigation remains in the discovery phase. Therefore, with the outcome uncertain, no amounts have been accrued related to this contingency.

During fiscal 2009, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) returned a judgment in favor of a former statutory beneficiary which completely preempts any assessment of costs against hydropower operators under the Regulating District's New York Environmental Conservation Law (ECL). As a result of the D.C. Circuit's decision, the Regulating District is no longer able to assess downstream hydroelectric projects under New York State law for a significant portion of the Regulating District's annual operations and maintenance expenses. The plaintiff then sought a refund of payments made under color of the invalidated state law and on April 2, 2012 secured a judgment against the Regulating District awarding \$516,567 plus interest from January 1, 2003. While the Regulating District has appealed the plaintiff's windfall, seven other hydropower plant owners may also elect to seek refunds of previous assessments. In fact, a second hydropower owner brought suit in June 2012 to recoup \$2,753,817 and \$761,813, respectively, for two facilities it owns. A third hydropower owner brought suit in November 2012 to recoup \$771,668. Both the second and third cases have gone to judgment. The Regulating District has appealed, and will vigorously defend all three verdicts. In addition, as further described below, a Federal Energy Regulatory Commission (FERC) decision could impact the state court's exercise of jurisdiction significantly reducing amounts due to such plaintiffs. Accordingly, no amounts have been accrued as a liability relating to this litigation. Although this series of cases and potential cases remain under appeal, the potential liability to the Regulating District could be \$5,000,000, plus interest if an unfavorable decision is made.

On July 31, 2012, FERC issued a Headwater Benefits Determination setting forth that portion of the Regulating District's interest, maintenance and depreciation costs which can be recovered annually from each of the eight hydroelectric FERC licensees downstream of the Conklingville Dam. FERC's Headwaters Benefits Determination requires the Regulating District to reach agreement with each of the eight downstream hydropower operators with respect to when the annual assessment of hydropower benefits will completely offset amounts such operators paid under color of the now invalidated state law referenced above. Until such offsets occur, the Regulating District will not receive any further funding from downstream hydropower operators. Since the headwater benefits charges are only a fraction of each entity's prior annual assessments, it could take many years before each hydro project operator uses up its credits from past over-collections.

## 7. CONTINGENCIES (Continued)

As a result of litigation described above, the Regulating District adopted a March 30, 2010 Apportionment through which it assessed five counties immediately downstream of the Conklingville Dam for the revenue it was previously able to obtain from hydropower beneficiaries. Pursuant to a May 10, 2012 Appellate Division Order which invalidated the March 2010 Apportionment to the extent that the Regulating District failed to reduce the total amount apportioned by the amount chargeable to the state, the Regulating District adopted a July 10, 2012 Apportionment of costs which mirrors the March 2010 Apportionment but also levies an amount chargeable to the state. The five counties exhausted their appeal to the NYS Court of Appeals on October 12, 2012 and entered into an Apportionment Consent ratified by the Board on March 13, 2013. The five counties and the State resumed payments of their respective assessments in March 2013.

In addition, as a result of the Regulating District's agreement with the five (5) Counties, the Regulating District recognized bad debt expense to write off the existing accounts receivable. This change resulted in recognition of \$6,166,307 bad debt expense and a resulting decrease to change in net position for the year ended June 30, 2013.

In light of the five counties' non-payment of assessments due, the Regulating District had been unable to pay annual school and properties taxes of approximately \$2.5 million per annum during fiscal year 2011-2012. On August 2, 2012, Fulton County Supreme Court issued a Decision and Judgment requiring payment of \$1,660,130 for taxes due to Fulton County and its school districts and another Decision and Judgment requiring payment of \$119,362 due to Hamilton County and its school districts. Payments made by the five counties and the State pursuant to the March 13, 2013 Apportionment by Consent permitted the Regulating District to fully satisfy both judgments.

## 8. HYDROPOWER (WATER USAGE) AGREEMENTS

In the Hudson River area, the Regulating District has a Hydropower Agreement with a hydro electric company effective July 1, 2003 and expiring June 30, 2021, which required an initial annual payment of \$850,000 that increases by 3.0% each year.

In the Black River area, the Regulating District has a Hydropower Agreement with a hydro electric company effective January 1, 1986 and expiring in December 31, 2016, which required an initial annual payment of \$30,000 that increases by 3.0% each year.

Estimated annual required payments to the Regulating District under the terms of these agreements are as follows for the years ending June 30:

2014	\$ 1,207,997
2015	1,244,237
2016	1,281,564
2017	1,248,254
2018	1,285,701
Thereafter	<u>4,093,193</u>
	<u>\$ 10,360,946</u>

## 9. CONCENTRATIONS

Approximately 83% and 70% of assessment revenues and 69% and 56% of total operating revenues were provided by six and five statutory beneficiaries for the years ended June 30, 2013 and 2012, respectively.

## 10. POSTEMPLOYMENT HEALTH CARE BENEFITS

### Plan Description

The Regulating District provides certain health care benefits for retired employees. The Regulating District administers the Retirement Benefits Plan (the Retirement Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB).

In general, the Regulating District provides health care benefits for those retired personnel who are eligible for a pension through the System. The Retirement Plan can be amended by action of the District subject to applicable collective bargaining and employment agreements. There were 35 retired employees currently receiving benefits at June 30, 2013 and 2012. The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

### Funding Policy

The obligations of the Retirement Plan are established by action of the Regulating District pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0%-25%, depending on when the employee was hired and if the employee is governed by a CSEA or a management exempt plan. The Regulating District will pay 100% of the premiums for the retiree and spouse for a management exempt employee, 100% of the premium for a Union employee, and 75% of the premium for a Union employees' spouse. The Regulating District pays the costs of administering the Retirement Plan. The Regulating District currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amounts paid during 2013 and 2012 were approximately \$357,000 and \$392,000, respectively, and were recorded as operating expenses.

### Annual OPEB Cost and Net OPEB Obligation

The Regulating District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the Regulating District's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the Regulating District's net OPEB obligation:

	<u>2013</u>	<u>2012</u>
Annual required contribution (ARC)	\$ 1,078,669	\$ 1,011,953
Interest on net OPEB obligation	117,732	83,938
Adjustment to ARC	<u>(200,219)</u>	<u>(142,749)</u>
Annual OPEB cost	996,182	953,142
Contributions made	<u>(356,886)</u>	<u>(392,328)</u>
Increase in net OPEB obligation	639,296	560,814
Net OPEB obligation - beginning of year	<u>5,387,502</u>	<u>4,826,688</u>
Net OPEB obligation - end of year	<u>\$ 6,026,798</u>	<u>\$ 5,387,502</u>

## 10. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

### Trend Information

The following table provides trend information for the Retirement Plan:

Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Actual Employer <u>Contribution</u>	Percent <u>Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2013	\$ 996,182	\$ 356,886	35.8%	\$ 6,026,798
6/30/2012	\$ 953,142	\$ 392,328	41.2%	\$ 5,387,502
6/30/2011	\$ 953,142	\$ 328,373	34.5%	\$ 4,826,688

### Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

### Schedule of Funding Progress for the Regulating District's Plan

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial <u>Valuation Date</u>	Year <u>Ended</u>	Actuarial Value of <u>Assets (a)</u>	Actuarial Accrued <u>Liability (AAL) (b)</u>	Unfunded AAL (UAAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a)/(b)</u>	Covered Payroll <u>(c)</u>	UAAAL as a % of Covered Payroll <u>(b-a)/(c)</u>
7/1/2010	2013	\$ -	\$ 11,808,398	\$ 11,808,398	0.0%	\$ 1,182,433	999%
7/1/2010	2012	\$ -	\$ 11,418,496	\$ 11,418,496	0.0%	\$ 1,174,449	972%
7/1/2010	2011	\$ -	\$ 11,418,496	\$ 11,418,496	0.0%	\$ 1,502,610	760%

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The Regulating District has elected to use the alternate valuation method, as there are fewer than 100 plan members.

## 10. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

### Actuarial Methods and Assumptions (Continued)

In the July 1, 2010 valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	3.0%
Medical care cost trend rate	8.25% or 10.0% initially, based on age of retirees. The rate is reduced by decrements to an ultimate rate of 5.0% in 2017.
Prescription drug trend rate	9.0% initially. The rate is reduced by decrements to an ultimate rate of 5.0% in 2017.
Dental trend rate	5.0%
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level Dollar
Amortization basis	Open

\* As the plan is unfunded, the assumed discount rate considers that the Regulating District's deposits are low risk in nature.

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. On March 30, 2010 the Health Care and Education Reconciliation Act of 2010 (HCERA), which amends certain aspects of PPACA was signed into law. The new laws are expected to have a financial impact on employers who sponsor postretirement health care benefit plans and therefore may affect the valuation of the plan. As of the date of this statement, the Regulating District could not reasonably conclude which provisions would impact the financial accounting of the Plan. Upon release of further regulatory guidance, the impact of PPACA and HCERA will be appropriately reflected in the valuation.

## 11. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2013 is summarized below.

	Balance			Balance 06/30/2013	Classified as	
	06/30/2012	Additions	Deletions		Current	Non-Current
Other postemployment benefits	\$ 5,387,502	\$ 996,182	\$ (356,886)	\$ 6,026,798	\$ -	\$ 6,026,798
Due to NYS retirement system	51,266	17,880	-	69,146	61,721	7,425
Retirement incentive	234,716	-	(58,679)	176,037	58,679	117,358
Compensated absences	<u>276,575</u>	<u>23,422</u>	<u>-</u>	<u>299,997</u>	<u>74,999</u>	<u>224,998</u>
	<u>\$ 5,950,059</u>	<u>\$ 1,037,484</u>	<u>\$ (415,565)</u>	<u>\$ 6,571,978</u>	<u>\$ 195,399</u>	<u>\$ 6,376,579</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

## 11. LONG-TERM OBLIGATIONS (Continued)

Long-term activity for the year ended June 30, 2012 is summarized below.

Business-type activities	Balance			Balance 06/30/2012	Classified as	
	06/30/2011	Additions	Deletions		Current	Non-Current
Other postemployment benefits	\$ 4,826,688	\$ 953,142	\$(392,328)	\$ 5,387,502	\$ -	\$ 5,387,502
Due to NYS retirement system	75,302	-	(24,036)	51,266	36,771	14,495
Retirement incentive	293,395	-	(58,679)	234,716	58,679	176,037
Compensated absences	<u>266,884</u>	<u>9,691</u>	<u>-</u>	<u>276,575</u>	<u>69,144</u>	<u>207,431</u>
	<u>\$ 5,462,269</u>	<u>\$ 962,833</u>	<u>\$(475,043)</u>	<u>\$ 5,950,059</u>	<u>\$ 164,594</u>	<u>\$ 5,785,465</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

## 12. COMMITMENTS

The Regulating District has two operating lease agreements for office space. One lease agreement requires monthly payments of \$1,332 through March 2015. The other lease required monthly payments of \$3,500 through September 1, 2012. From September 1, 2012 to February 28, 2013 monthly payments were reduced to \$3,118. Subsequent to March 1, 2013 the lease agreement requires monthly payments of \$2,546 through February 2014. There was a third operating lease agreement which was terminated in April of fiscal year 2012. Monthly payments of \$1,190 were paid for 10 months relating to that agreement.

The future minimum lease payments for fiscal years ending June 30 under the terms of these lease agreements are as follows:

2014	\$ 36,347
2015	<u>11,985</u>
	<u>\$ 48,332</u>

Total rent expense recognized by the Regulating District under the terms of all of its office lease agreements was approximately \$51,900 and \$54,000 during the years ended June 30, 2013 and 2012, respectively.

## 13. TERMINATION BENEFITS

During the 2010 fiscal year, the Regulating District approved a one-time early retirement incentive plan, known as the 2010-2011 Retirement Incentive Program (the Program), for all employees. This Program was initiated by the New York State Division of the Budget. To be eligible, employees were required to have 10 years of service with the Regulating District and be at least 50 years of age. An employee also must have been in active service from February 1, 2010 until the commencement of the open period on July 14, 2010. Eligible employees had to retire by September 11, 2010.

Employees who took advantage of this incentive received approximately one month of additional service credit for each year of service, up to a maximum of three additional years of service credit. At June 30, 2013 and 2012, the Regulating District had a liability related to the termination benefits of approximately \$176,000 and \$235,000, respectively.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Hudson River</u>	<u>Black River</u>	<u>Total Regulating District</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash	\$ 1,697,238	\$ 348,979	\$ 2,046,217
Accounts receivable, net	3,044,144	131,452	3,175,596
Due from (to) District	(2,850,713)	2,850,713	-
Prepaid expenses	<u>527,620</u>	<u>11,147</u>	<u>538,767</u>
Total current assets	2,418,289	3,342,291	5,760,580
<b>CAPITAL ASSETS, net</b>	<u>2,974,415</u>	<u>404,222</u>	<u>3,378,637</u>
Total assets	<u>5,392,704</u>	<u>3,746,513</u>	<u>9,139,217</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	1,111,728	12,783	1,124,511
Current portion of compensated absences	48,355	26,644	74,999
Current portion of retirement incentive	53,655	5,024	58,679
Current portion due to New York State Retirement System	<u>61,721</u>	<u>-</u>	<u>61,721</u>
Total current liabilities	1,275,459	44,451	1,319,910
COMPENSATED ABSENCES, net of current portion	145,068	79,930	224,998
OTHER POSTEMPLOYMENT BENEFITS	4,441,532	1,585,266	6,026,798
RETIREMENT INCENTIVE, net of current portion	107,310	10,048	117,358
DUE TO NEW YORK STATE RETIREMENT SYSTEM, net of current portion	<u>7,425</u>	<u>-</u>	<u>7,425</u>
Total liabilities	<u>5,976,794</u>	<u>1,719,695</u>	<u>7,696,489</u>
<b>NET POSITION</b>			
INVESTED IN CAPITAL ASSETS UNRESTRICTED	<u>2,974,415</u> <u>(3,558,505)</u>	<u>404,222</u> <u>1,622,596</u>	<u>3,378,637</u> <u>(1,935,909)</u>
Total net position	<u>\$ (584,090)</u>	<u>\$ 2,026,818</u>	<u>\$ 1,442,728</u>

The accompanying notes are an integral part of these schedules.



**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Hudson River</u>	<u>Black River</u>	<u>Total Regulating District</u>
<b>OPERATING REVENUE:</b>			
Assessments	\$ 3,064,561	\$ 1,226,449	\$ 4,291,010
New York State Assessment	3,479,631	-	3,479,631
Water power service	1,102,313	63,756	1,166,069
Permit fees	429,558	-	429,558
Other	7,296	547	7,843
	<u>8,083,359</u>	<u>1,290,752</u>	<u>9,374,111</u>
Total operating revenue			
<b>OPERATING EXPENSES:</b>			
Bad debt	6,126,422	39,885	6,166,307
Personnel services and employee benefits	2,162,057	767,129	2,929,186
Real estate taxes	2,726,988	34,553	2,761,541
Contractual services	503,845	138,424	642,269
Depreciation	181,058	43,692	224,750
Material and supplies	76,797	29,035	105,832
Repairs and maintenance	-	50	50
Allocated general board expenses	(390,949)	390,949	-
	<u>11,386,218</u>	<u>1,443,717</u>	<u>12,829,935</u>
Total operating expenses			
Total operating loss	<u>(3,302,859)</u>	<u>(152,965)</u>	<u>(3,455,824)</u>
<b>NON-OPERATING REVENUE:</b>			
Investment income, net	<u>828</u>	<u>648</u>	<u>1,476</u>
Total non-operating revenue	<u>828</u>	<u>648</u>	<u>1,476</u>
CHANGE IN NET POSITION	(3,302,031)	(152,317)	(3,454,348)
NET POSITION - beginning of year	<u>2,717,941</u>	<u>2,179,135</u>	<u>4,897,076</u>
NET POSITION - end of year	<u>\$ (584,090)</u>	<u>\$ 2,026,818</u>	<u>\$ 1,442,728</u>

The accompanying notes are an integral part of these schedules.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

September 26, 2013

To the Board of Directors of  
 Hudson River-Black River Regulating District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Hudson River-Black River Regulating District (the Regulating District) a New York State Public Benefit Corporation, and a discretely presented component unit of the State of New York, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Regulating District's basic financial statements, and have issued our report thereon dated September 26, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Regulating District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Regulating District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Regulating District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Regulating District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bonadio & Co., LLP*

A STATEMENT OF ANY PETITIONS RECEIVED BY THE BOARD  
AND THE ACTION TAKEN THEREON  
(ECL §15-2131(1)(c))

**Niagara Mohawk Power Corporation, d/b/a National Grid v. State of New York, Office of the State Comptroller, Department of Environmental Conservation, and Board of Hudson River-Black River Regulating District**

Supreme Court, County of Herkimer Index no.: 96485  
NYS Court of Claims

On July 26, 2013 Petitioner filed an Article 78 challenging the Regulating District's apportionment and/or assessments on petitioner's property for fiscal year 2012-13 resulting from what petitioner characterizes as the Regulating District's improper decision to treat petitioner's real property as real estate benefited by the reservoirs operated by the Regulating District. Petitioner further asserts that the petitioner's property has been unequally assessed; unlawfully and unconstitutionally apportioned and assessed; and misclassified for said apportionment and assessment purposes. The petition further alleges that the Regulating District's 2000-02, 2003-05, 2006-08, 2009-11 and 2011-2013 assessments against petitioner's real property were arbitrary and capricious and should therefore be declared null and void. The petitioner seeks that the apportionments and assessments be rescinded or reduced to \$0 and judgment exceeding \$6,000,000. Regulating District's Answer was filed in September, 2013.

On the same date, Niagara Mohawk filed a Notice of Intention to File a Claim in the New York State Court of Claims. The Court of Claims Notice asserts that: the Regulating District has not assessed all benefited parcels; the petitioner's parcels are not benefited parcels and therefore should not be assessed; the assessments require assesses to subsidize an illegal permit system; the assessments constitute an improper confiscation of petitioner's property; the Regulating District's apportionment, assessment and settlement with Erie Boulevard Hydropower, L.P. violates the commerce clause; the assessments and apportionments and disparate treatment of petitioner violates equal protection; and that the Regulating District continues to breach the Offer of Settlement.

**Northern Electric Power Company, L.P., and South Glens Falls L.P., against Hudson River – Black River Regulating District**

Supreme Court – Albany County  
(Document No. 11177226)

On June 21, 2012, Northern Electric Power Company, L.P. and South Glens Falls, L.P. (“Boralex”) served a Summons and Complaint upon General Counsel at the Hudson River Area Office. On August 31, 2012 K&L Gates LLP, counsel for Boralex, served the Attorney General with plaintiff's Motion for Summary Judgment. The Attorney General's Office filed the HRBRRD's response to the Motion by the September 21, 2012 deadline. On January 17, 2013, Judge Teresi issued a Decision and Order in the Boralex v. HRBRRD case. As characterized by the Attorney General's Office, the decision is a decisive win for the plaintiffs. The Attorney General's Office perfected the HRBRRD appeal on December 17, 2013.

**New York State Electric and Gas, against Hudson River – Black River Regulating District**

Supreme Court – Albany County

Index No. 6279-12

On November 15, 2012, New York State Electric & Gas served a Summons and Complaint upon HRBRRD counsel at HRAO. The suit seeks \$446,798.07 with interest thereon on behalf of NYSEG for the difference between what NYSEG paid HRBRRD in state law based assessments and the amount FERC Ordered NYSEG to pay HRBRRD pursuant to the July 2012 Headwaters Benefits Determination for the years 2002-2008. The NYS Office of the Attorney General filed HRBRRD's Answer & Memo of Law 02/01/13. On or about April 26, 2013, judge Teresi issued a Decision and Order in the NYSEG v. HRBRRD case. The Attorney General's Office has filed a Notice of Appeal.

**Helen C. Kenny and Vincent Ruggiero against Town of Hadley, The County of Saratoga and Hudson River –Black River Regulating District**

Supreme Court – County of Saratoga

Index No. 2012-1914

On October 3, 2012, Helen C. Kenny and Vincent Ruggiero served a Summons and Complaint in a personal injury action against the Town of Hadley, the County of Saratoga and the Hudson River – Black River Regulating District. The suit resulted from a March 8, 2011 traffic accident on North Shore Road. The District has no responsibility for maintenance of the road. Despite the plaintiff's allegation, the Regulating District entered into no contract nor performed any work to address water system or water line issues at or near the site. A law firm representing the Regulating District's insurance carrier will defend the suit.

**OTHER MATTERS OF INTEREST (ECL§1-2131(2))**

**1. Freedom of Information Law (FOIL) Requests**

- a. The Regulating District received 20 FOIL requests during the reporting period.
- b. The Regulating District processed each request in accordance with the Public Officers Law and the information sought, if available, was provided to the requesting party in a manner consistent with the Regulating District's statutory obligations.
- c. The Regulating District granted 20 requests. No (0) request(s) were denied because the records requested do not exist within HRBRRD files. There was one (1) appeal(s). After a second review of Regulating District records, it was confirmed that there existed no additional documents responsive to the request.

## HUDSON RIVER AREA

### MAINTENANCE AND OPERATION

#### Facilities

In the Upper Hudson River basin, the Hudson River – Black River Regulating District operates and maintains the Great Sacandaga Lake reservoir and the Indian Lake reservoir, including the Conklingville Dam and the Indian Lake Dam.

#### Maintenance and Operation

Regulating District personnel maintained facilities at the Conklingville, Indian Lake and Sacandaga field offices. Activities included building maintenance and grounds maintenance.

The field staff maintained, repaired and operated the Regulating District marine equipment, motor vehicles, construction equipment, and small machinery.

#### Reservoir Maintenance and Operation

Regulating District personnel performed the following operation activities and routine maintenance:

- Dam, spillway, and outlet structure facility maintenance,
- Installation of shoreline stabilization and erosion control measures,
- Grounds maintenance at embankment dams,
- Posting of notice and trespassing signs,
- Removal and disposal of litter and debris found on reservoir lands,
- Operation and maintenance of precipitation gauges,
- Maintenance and operation of stream gauges,
- 
- Clearing reservoir shoreline of stumps, driftwood and debris,
- Cutting and removal of downed tree.

Conklingville Dam staff performed routine maintenance work, including the reading and inspection of elevation gauges at Conklingville and Indian Lake Dam, and Stewarts Bridge, Hadley, and Indian River gauge.

The Regulating District collected meteorological and hydrological information at various locations within the Hudson River watershed. Data collection and precipitation station maintenance was performed in cooperation with the United States Geological Survey (USGS) and the National Weather Service (NWS). Meteorological and hydrological information collected by the Regulating District are published in National Weather Service and the United States Geological Survey documents and used by the NWS in the forecasting of flood conditions.

Collection of hydraulic data, and maintenance and operation of stream gauging stations on the Sacandaga and Hudson River watersheds, was performed in cooperation with the United States Geological Survey.

A website containing stream flow and reservoir elevation, as well as forecast reservoir releases is maintained by the Regulating District and made available to the public at <http://www.hrbrd.com>.

The Regulating District maintained an internet web page to provide additional public access to information about the Regulating District, and its operations, and links to river flow and reservoir elevation related web sites.

### Great Sacandaga Lake Access Permit System

The Hudson River – Black River Regulating District Board adopted the current rules for the Access Permit System, entitled “Rules and Regulations Governing the Use, Operation, and Maintenance of Great Sacandaga Lake,” by resolution dated October 19, 1992. As required by the Regulating District’s enabling legislation, the Department of Environmental Conservation approved the current rules on July 13, 1992. The rules became effective on January 27, 1993.

The Regulating District issues permits for access to the Great Sacandaga Lake reservoir and buffer land in accordance with the Rules and Regulations.

Regulating District personnel performed the following activities:

- Administration of Access Permit System,
- Process permit renewals,
- Process new permit applications,
- Process work permits,
- Survey and delineation of permit areas,
- Preparation of permit stakes and signs,
- Identifying and field investigating property encroachments,
- Process State Environmental Quality Review (SEQR) work permits,
- Survey maintenance of 125 miles of State property line,
- Clearing of property line (taking line),
- Replacement / relocation of survey monuments

During the calendar year 2013, the Regulating District issued 155 new permits, 4,645 access permit renewals and 459 work permits. Revenue derived from the access permit system totaled \$429,558.

Regulating District field staff placed 112 tons of shoreline erosion protection stone (riprap), and repaired approximately 460 feet of shoreline erosion protection to minimize shoreline erosion.

Sacandaga field office personnel identified and investigated State of New York property encroachments and violations of the Regulating District's rules and regulations by reservoir access permit holders. Field office staff continually inspected the State property line (taking line) to locate, control, and eliminate property line encroachment problems.

The Regulating District continued its cooperation with the United States Army Corps of Engineers (ACE), New York State Department of Environmental Conservation (DEC), and the Adirondack Park Agency (APA) in control of various construction projects, proposed by reservoir access permit holders, which occur on reservoir land within the Regulating District's jurisdiction. Under an agreement with the Board, the Department of Environmental Conservation issues a "blanket permit" to the District for certain projects requiring Article 15 approval at the Great Sacandaga Lake. This permit can then be reissued to access permit holders for reservoir-related projects involving activities that do not exceed certain environmental threshold limits. This permitting process eliminates duplication of effort by both agencies. The Board refers projects, which may require approval by the Adirondack Park Agency or the Army Corp of Engineers, to the APA or ACE for jurisdictional determination and review, prior to Regulating District approval.



## STATEMENT OF CONDITION AND OPERATION OF GREAT SACANDAGA LAKE

### Reservoir Elevation

The daily average elevation of the Great Sacandaga Lake (Sacandaga Reservoir) on January 1, 2013 was 754.82 feet above mean sea level. During the period ending December 31, 2013, the reservoir elevation varied from a minimum of 748.87 feet on March 7, 2013, to a maximum of 770.80 feet on July 6, 2013. The reservoir elevation averaged approximately 1.0 feet above the long-term average on January 1, 3.2 feet above the long-term average on July 1, 2013 and averaged approximately 0.8 feet above the long-term average on December 31, 2013. The daily average elevation of the Great Sacandaga Lake on December 31, 2013 was 754.76 feet.

Figure 1 shows the elevation of the Great Sacandaga Lake during 2013, the historic and target elevation, and the mandated minimum operating elevation.

### Precipitation and Inflow

Precipitation was approximately 132% of historic average during the first half of the year, and approximately 4% lower than historic average during the second half of 2013.

Snow surveys were conducted during the period January through April 2013. Snow-pack water content measured 85% of historic average in January and 72% of historic average in March.

Inflow during the period January through June 2013 was approximately 97% of historic average. Monthly average inflow for the months of July through December 2013 varied from approximately 40% to 290% of historic average.

Total inflow to the reservoir was 68.09 billion cubic feet for the year ending December 31, 2013, and was 99% of the average annual inflow of 68.89 billion cubic feet.

Table 1 - 3 detail the regulation of the Hudson River by the Great Sacandaga Lake and presents a summary of precipitation and snowfall, inflow, and regulation, respectively.

Figure 2 indicates the precipitation measured at Northville during the period January 1 to December 31, 2013. Figure 3 reflects the inflow to the reservoir during the period January 1 to December 31, 2013.

### Reservoir Release and Storage

A total of 68.38 billion cubic feet of water was released from the reservoir during 2013. Daily water releases for the purpose of augmenting the natural Hudson River flow occurred during approximately 87% of the year. The release of water from the reservoir was suspended on approximately 3 occasions, for a total of approximately 47 days. The reservoir stored 17.94 billion cubic feet of water during the spring refilling. In general, reservoir operation supplemented the flow in the Hudson River and provided base flow conditions consistent with the requirements of the Upper Hudson / Sacandaga River Offer of Settlement.

Figure 4 indicates the regulated flow of the Hudson River, below the confluence with the Sacandaga River, at Spier Falls.

#### Federal Energy Regulatory Commission

The Regulating District operates the Great Sacandaga Lake under the terms of the Upper Hudson / Sacandaga River Offer of Settlement and a license (P-12252-NY) from the Federal Energy Regulatory Commission. The Offer of Settlement establishes long-term environmental protection measures that will meet, and balance, the diverse power and non-power objectives of the parties involved. The Great Sacandaga Lake will remain a federally licensed project through 2042.

An annual safety inspection of the Conklingville Dam was conducted by Regulating District's Chief Engineer and Mr. Richard Deubert, P.E. of the Federal Energy Regulatory Commission on June 3, 2013.

## STATEMENT OF CONDITION AND OPERATION OF INDIAN LAKE RESERVOIR

### Reservoir Elevation

The daily average elevation of Indian Lake Reservoir on January 1, 2013 was 1642.12 feet above mean sea level. During the period ending December 31, 2013, the reservoir elevation varied from a minimum of 1637.54 feet on March 11, 2013, to a maximum of 1651.84 feet on May 27, 2013. The reservoir elevation averaged approximately 1.47 feet below the long-term average on January 1, 1.49 feet above the long-term average on July 1, and averaged approximately 0.70 feet below the long-term average on December 31. The daily average elevation of the Indian Lake Reservoir on December 31, 2013 was 1642.78 feet.

Figure 5 shows the historic average reservoir elevation and the elevation of the reservoir during 2013.

### Precipitation and Inflow

Precipitation was approximately 18% above historic average during the first half of the year, and approximately 7% lower than historic average during the second half of 2013.

Snow surveys were conducted during the period January through April 2013. Snow-pack water content measured 19% above historic average at the end of January and 8% below historic average at the end of March.

Inflow during the period January through June 2013 was approximately 101% of historic average. Monthly average inflow for the months of July through December 2013 varied from approximately 37% to 272% of historic average.

Total inflow to the reservoir was 10.16 billion cubic feet for the year ending December 31, 2013, and was 100% of the average annual inflow of 10.21 billion cubic feet.

Figure 6 indicates the precipitation measured at Indian Lake Dam during the period January 1 to December 31, 2013. Figure 7 reflects the inflow to the reservoir during the period January 1 to December 31, 2013.

### Reservoir Release and Storage

A total of 10.06 billion cubic feet of water was released from the reservoir during 2013. Daily water releases occurred during 100% of the year.

A minimum release of 78 cubic feet per second occurred during the on April 6, 2013. A maximum release of 1,130 cubic feet per second occurred on June 30, 2013.

An annual safety inspection of the Indian Lake Dam was conducted by Regulating District's Chief Engineer on August 28, 2012.

**TABLE 1**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**

**PRECIPITATION ON SACANDAGA WATERSHED**

MONTH	CONKLINGVILLE		MAYFIELD	
	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE
( INCHES)				
<u>2013</u>				
JANUARY	1.67	3.31	1.97	3.48
FEBRUARY	2.64	2.81	2.29	2.86
MARCH	3.08	3.70	2.99	3.71
APRIL	3.09	3.54	3.49	3.73
MAY	4.17	3.45	7.73	3.89
JUNE	7.18	3.61	9.82	3.80
JULY	4.18	3.54	5.98	3.65
AUGUST	1.33	3.74	1.93	3.90
SEPTEMBER	2.03	3.49	2.68	4.03
OCTOBER	3.75	3.46	5.31	3.80
NOVEMBER	2.97	3.66	2.62	3.75
DECEMBER	3.33	3.61	3.51	3.73
TOTAL (Year: Jan - Dec)	39.42	41.92	50.32	44.33

**SACANDAGA WATERSHED SNOW SURVEY**

DATE	AVGERAGE DEPTH OF SNOW	WATER CONTENT OF SNOW	
	(INCHES)	(INCHES)	(B.C.F.)
<u>2013</u>			
January 7 - 9	10.8	2.12	5.07
January 21 - 23	8.9	1.71	4.34
Feb 4 - 6	6.7	1.82	4.43
February 18 - 20	10.4	2.28	5.72
March 4 - 6	13.1	3.51	8.75
March 18 - 20	14.3	3.41	8.26
April 1 - 3	10.2	3.18	8.01
April 15 - 17	3.5	1.29	3.78
April 29 - May 1	0.0	0.00	0.00

**TABLE 2**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**

**INFLOW TO GREAT SACANDAGA LAKE**  
**(FORMERLY SACANDAGA RESERVOIR)**

MONTH	INFLOW (B.C.F.)	HISTORIC AVERAGE INFLOW (B.C.F.)	PERCENT OF AVERAGE (%)
<u>2013</u>			
JANUARY	3.84	4.83	80
FEBRUARY	3.58	3.66	98
MARCH	5.64	9.50	59
APRIL	16.17	17.31	93
MAY	5.64	8.20	69
JUNE	11.03	3.87	285
JULY	6.38	2.20	290
AUGUST	1.16	1.52	76
SEPTEMBER	0.83	2.09	40
OCTOBER	1.85	4.02	46
NOVEMBER	5.69	5.87	97
DECEMBER	6.28	5.82	108
<b>TOTAL</b>	<b>68.09</b>	<b>68.89</b>	<b>99</b>

**TABLE 3**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**  
**REGULATION OF THE HUDSON RIVER - GREAT SACANDAGA LAKE**  
**(FORMERLY SACANDAGA RESERVOIR)**

MONTH	ELEVATION OF RESERVOIR WATER SURFACE (DAILY AVERAGE) (Feet M.S.L.) (4)	DAILY RELEASE (AVERAGE) (C.F.S.) (1)	SPIER FALLS COMPUTED NATURAL FLOW (AVERAGE) (C.F.S.) (2)	SPIER FALLS REGULATED FLOW (AVERAGE) (C.F.S.) (3)
<u>2013</u>				
JANUARY	751.07	2696	3870	5132
FEBRUARY	749.58	2160	4295	4973
MARCH	749.72	2071	5097	5064
APRIL	764.56	482	13399	7642
MAY	768.14	671	6101	4669
JUNE	768.88	3854	9588	9188
JULY	766.04	3645	6927	8190
AUGUST	763.05	1663	1830	3059
SEPTEMBER	760.22	1456	1076	2211
OCTOBER	758.36	1357	1628	2294
NOVEMBER	755.90	3212	4588	5606
DECEMBER	754.76	2763	5379	5798

(1) This is the flow of the Sacandaga River at Stewart's Bridge near Hadley, N.Y.

(2) Includes Indian Lake Regulation; sum of GSL net inflow and Hudson River at Hadley.

(3) Sum of GSL release and Hudson River at Hadley.

(4) Daily average on last day of the month

### Hudson River - Black River Regulating District GREAT SACANDAGA LAKE

RESERVOIR ELEVATION JANUARY 2013 - DECEMBER 2013

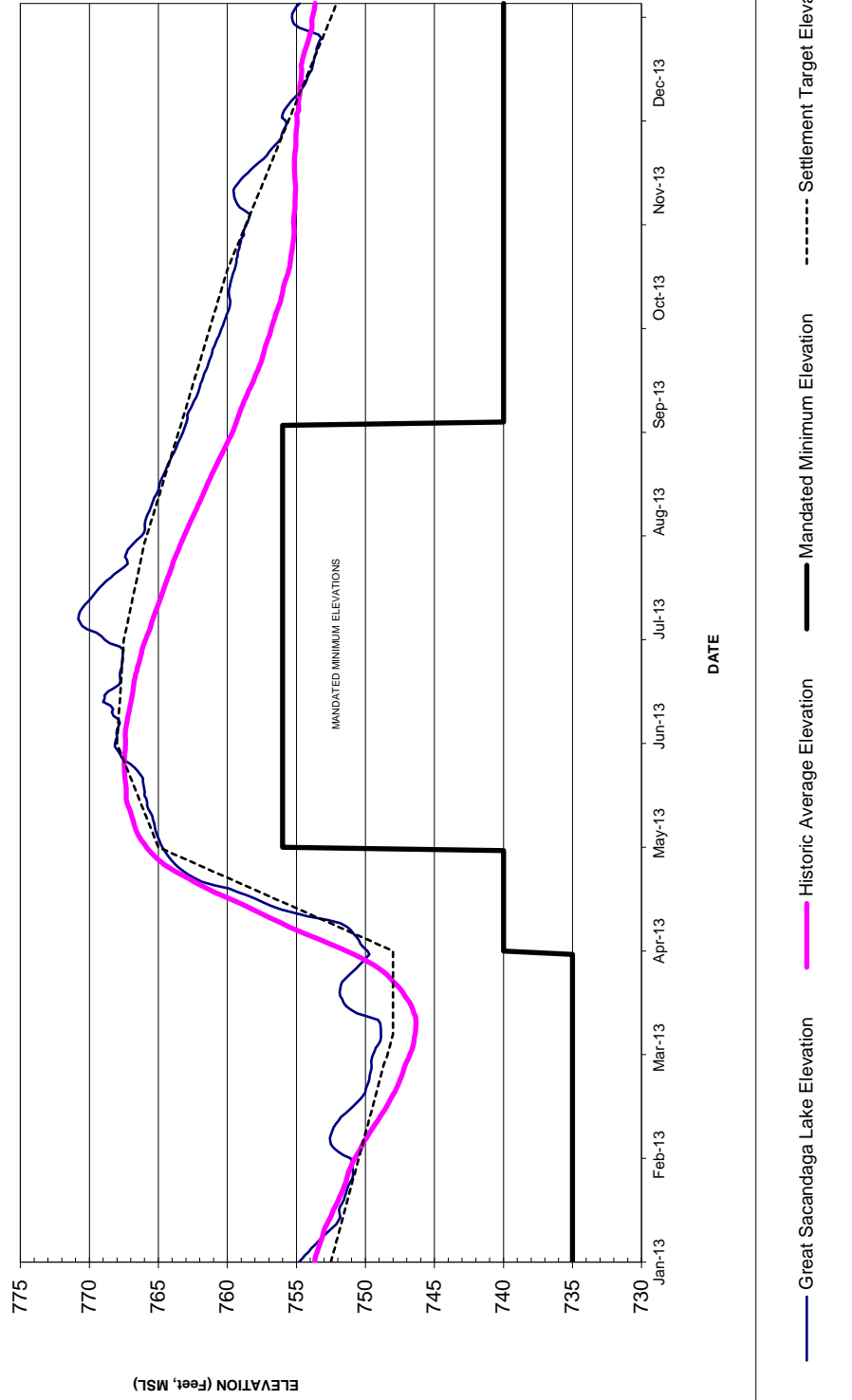


Figure 1

# Hudson River - Black River Regulating District

## GREAT SACANDAGA LAKE

PRECIPITATION JANUARY 2013 - DECEMBER 2013

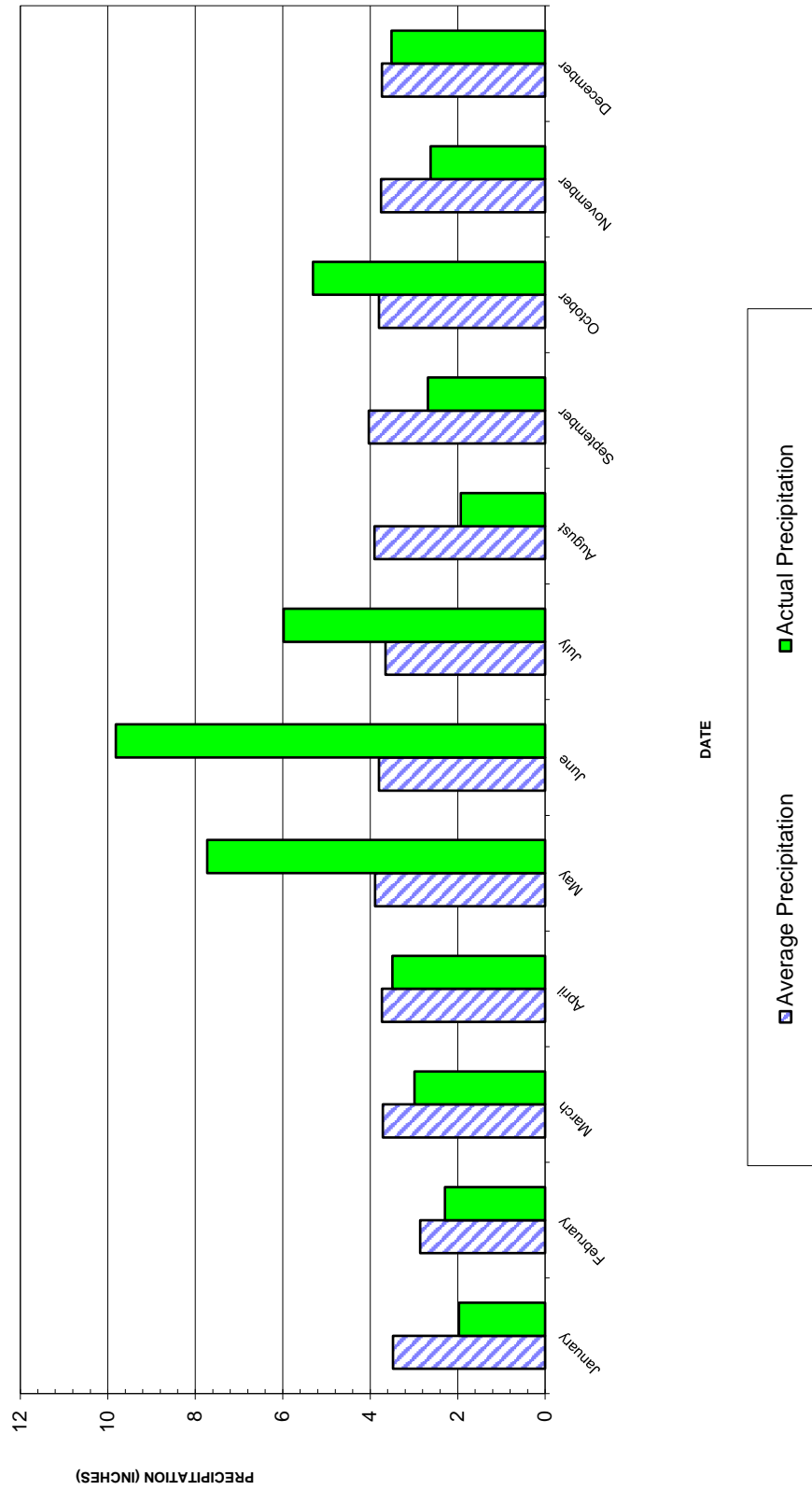


Figure 2



### Hudson River - Black River Regulating District

### GREAT SACANDAGA LAKE

INFLOW JANUARY 2013 - DECEMBER 2013

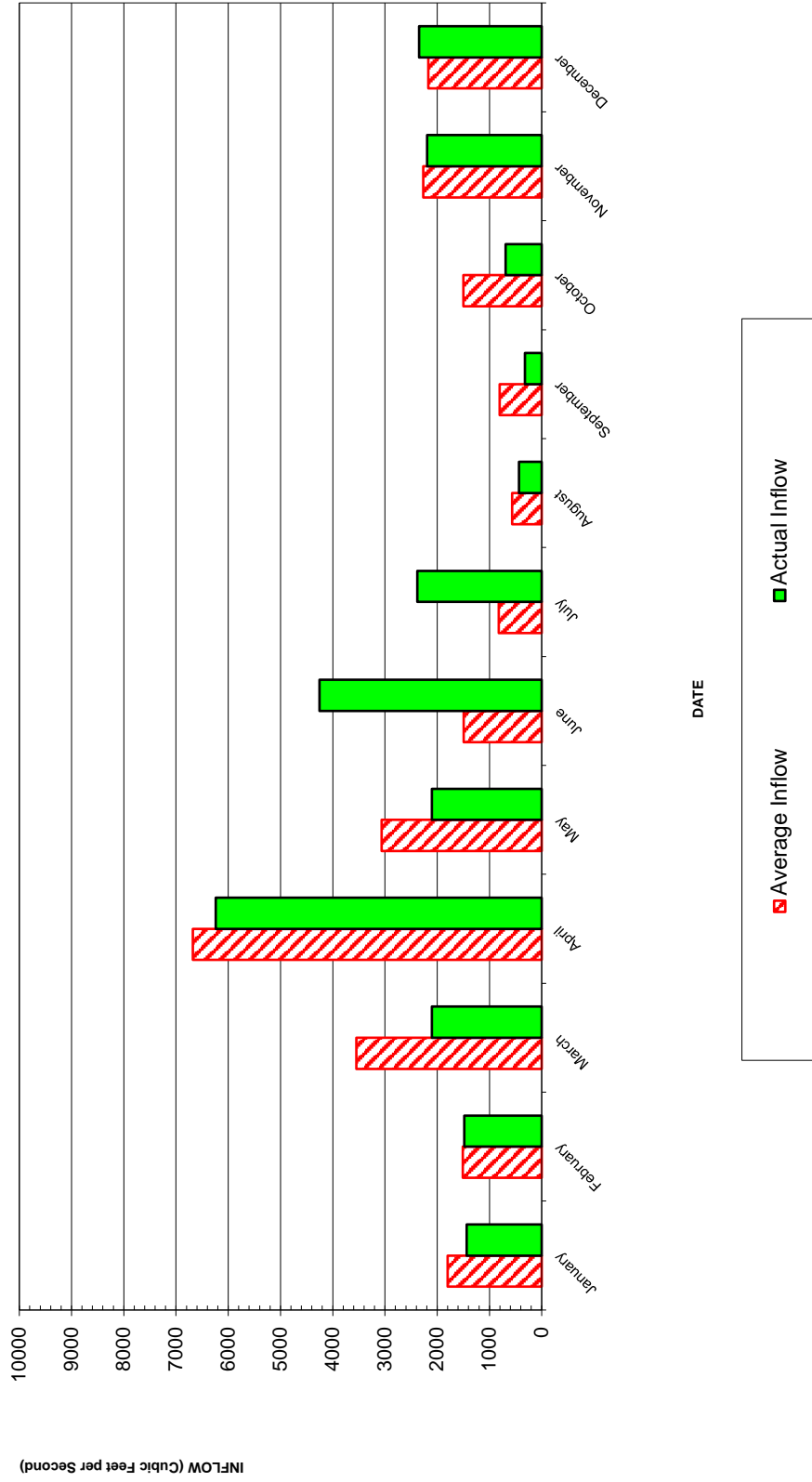


Figure 3

# Hudson River - Black River Regulating District

## GREAT SACANDAGA LAKE

HUDSON RIVER FLOW AT SPIER FALLS JANUARY 2013 - DECEMBER 2013

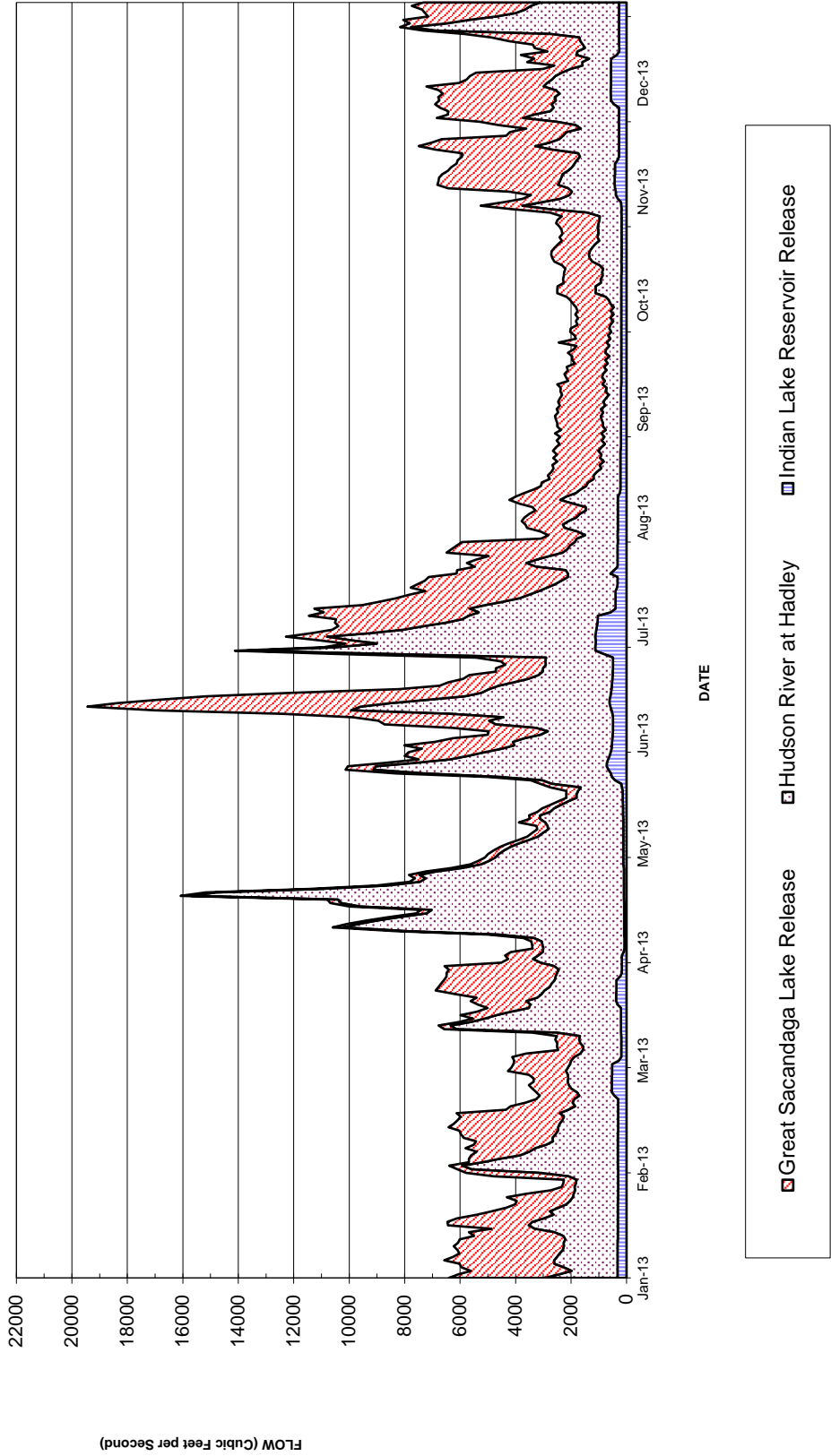


Figure 4

### Hudson River - Black River Regulating District

#### INDIAN LAKE RESERVOIR

RESERVOIR ELEVATION JANUARY 2013 - DECEMBER 2013

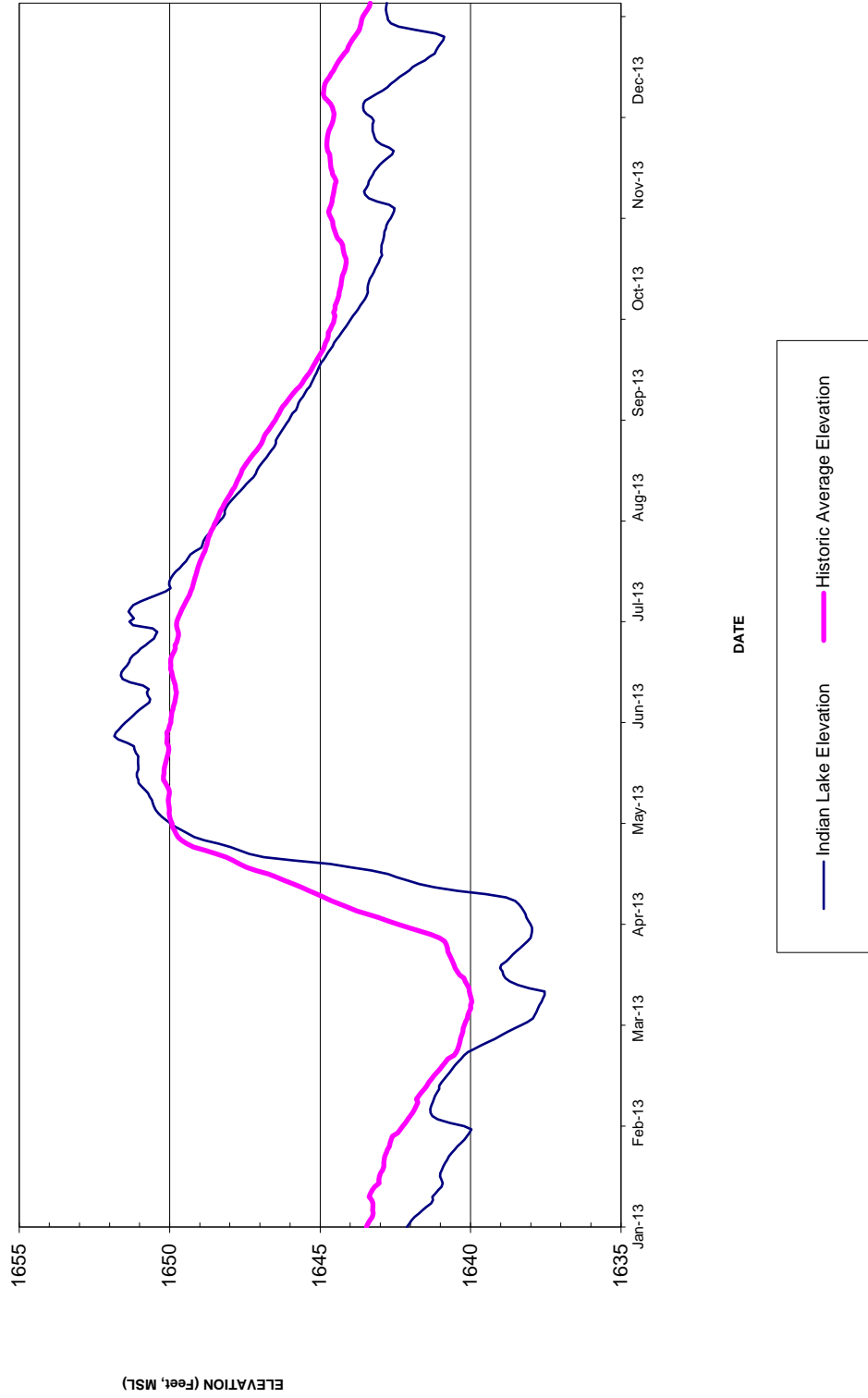


Figure 5

### Hudson River - Black River Regulating District

#### INDIAN LAKE RESERVOIR

PRECIPITATION JANUARY 2013 - DECEMBER 2013

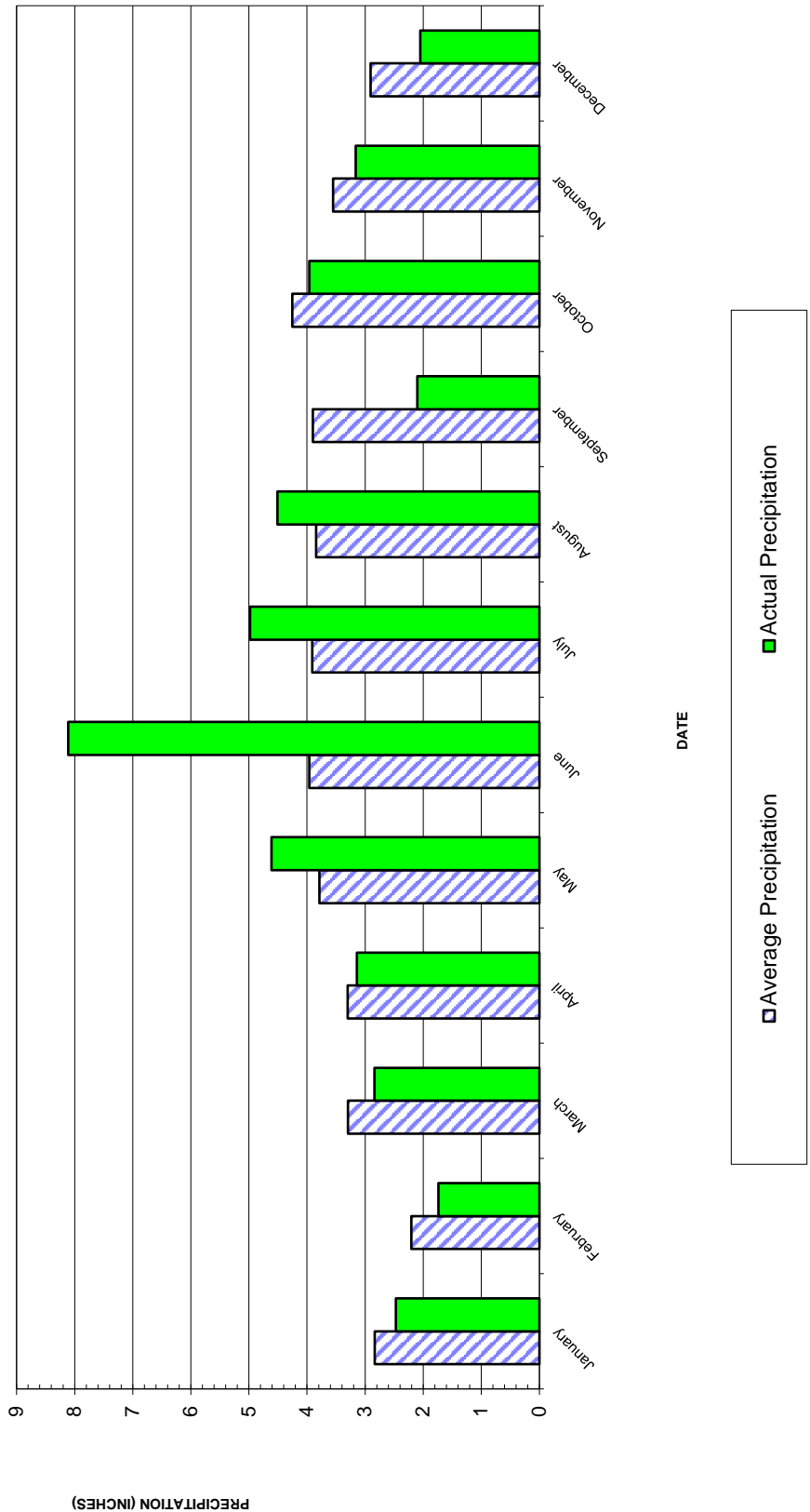
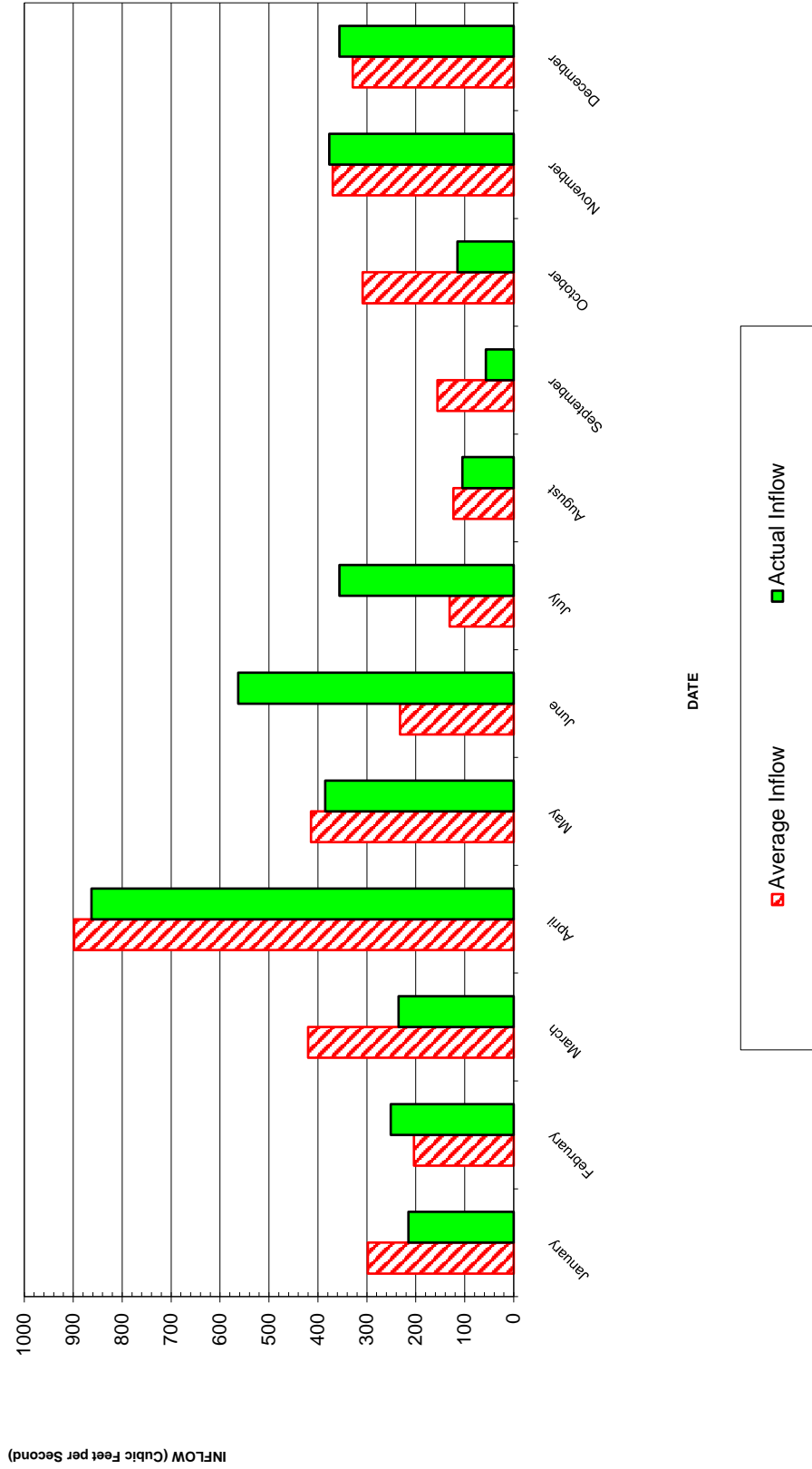


Figure 6

# Hudson River - Black River Regulating District

## INDIAN LAKE RESERVOIR

INFLOW JANUARY 2013 - DECEMBER 2013



Net inflow including evaporation and transpiration

Figure 7

BLACK RIVER AREA  
MAINTENANCE AND OPERATION

Facilities

In the Black River basin, the Hudson River – Black River Regulating District operates and maintains the Stillwater reservoir, Sixth Lake reservoir, and Old Forge reservoir, including the Stillwater Dam, Sixth Lake Dam, and the Old Forge Dam, as well as the Hawkinsville Dam.

Maintenance and Operation

Regulating District personnel maintained facilities at the Stillwater, Sixth Lake, Old Forge, Hawkinsville, Black River Field Office and Black River Area Office. Activities included building maintenance and grounds maintenance.

The field staff maintained, repaired and operated the Regulating District marine equipment, motor vehicles, construction equipment, small machinery and hand tools.

Black River Field Office staff performed routine maintenance work including the reading and inspection of elevation gauges at Stillwater Dam, Sixth Lake, Old Forge, McKeever, Hawkinsville, Boonville and Donnattsburg. Collection of hydrologic data, and maintenance and operation of stream gauging stations in the Black River Watershed on the Black, Beaver and Moose Rivers, as well as the Fulton Chain of Lakes, was performed in cooperation with the United States Geological Survey (USGS). Meteorological, precipitation, and hydrological information collected by the Regulating District is published in National Weather Service and USGS documents and is used by the NWS in the forecasting of flood conditions.

Reservoir Maintenance and Operation

Regulating District personnel performed the following operation activities and routine maintenance:

- Grounds maintenance at embankment dams
- Daily observations and data collection, dam safety inspections
- Posting of notice, safety warning, and no trespassing signs
- Removal and disposal of litter and debris found on reservoir lands
- Vegetation maintenance, control and removal at dams and spillways
- Maintenance and repair of safety equipment and structures
- Maintenance of danger buoys and log booms
- Maintenance and improvements at ten Regulating District buildings
- Access road repairs

Field staff placed crushed gravel on the mile long right-of-way the District maintains on the Necessary Dam Road. Regulating District filled potholes, built up low areas, and shaped and crowned the roadbed. Additionally, the Regulating District maintained the 1/8<sup>th</sup> mile road from

the Evergreen Bridge to the North Dike area adjacent to the Stillwater Dam, including the placement of gravel, shaping and forming the road surface. Culverts on both roads were kept clear and maintained. Calcium chloride was spread on the right-of-way to limit dust and minimize erosion.

Regulating District personnel also responded to power outages and unscheduled shutdowns of the Mercer Company hydroelectric plant adjacent to the Regulating District's dam, operated gates at the dam to provide water to down-river beneficiaries until the hydroelectric facility was available to discharge water.

Daily maintenance was performed including daily dam safety observations, reservoir elevation readings and changes in release of water as directed by the Chief Engineer. Piezometer and weir measurements were taken at a frequency which is dependent upon the reservoir elevation.

Regulating District staff participated in workplace, and health and safety training.

Daily elevation records were maintained to provide weekly and monthly tables and graphs that compare the daily elevations to the target elevations and the long-term average elevations.

## STATEMENT OF CONDITION AND OPERATION OF STILLWATER RESERVOIR

### Reservoir Elevation

The daily average elevation of the Stillwater Reservoir on January 1, 2013 was at 1667.14 feet. During the year ending December 2013, the reservoir elevation varied from a minimum of 1665.50 feet on March 12, 2013, to a maximum of 1679.34 feet on June 13, 2013. The reservoir elevation averaged approximately 3.49 feet below the long-term average on January 1, 0.86 feet above the long-term average on July 1, and averaged approximately 2.34 feet above the long-term average on December 31, 2013. The daily average elevation of the Stillwater Reservoir on December 31, 2013 was 1672.83 feet.

Figure 1 shows the elevation of Stillwater Reservoir during 2013, the historic average and operation elevation.

### Precipitation and Inflow

Precipitation was approximately 15% above historic average during the first half of the year, and approximately 1% below the historic average during the second half of 2013.

Snow surveys were conducted during the period January through April 2013. Snow-pack water content measured 88% of historic average at the end of January and 84% of historic average at the end of March.

Inflow during the period January through June 2013 was approximately 96% of historic average. Daily average inflow for the months of July through December 2013 varied from approximately 60% to 146% of historic average.

Total inflow to the reservoir was 13.58 billion cubic feet for the year ending December 2013, which was 98% of the average annual inflow of 13.92 billion cubic feet.

Table 1 - 3 detail the regulation of the Black River by the Stillwater Reservoir and presents a summary of precipitation and snowfall, inflow, and regulation, respectively.

Figure 2 indicates the precipitation measured at Stillwater during the period January 1, to December 31, 2013. Figure 3 reflects the inflow to the reservoir during the period January to December 31, 2013.

### Reservoir Release and Storage

A total of 12.47 billion cubic feet of water was released from the reservoir during 2013. Daily water releases occurred during approximately 90% of the year. The release of water from the reservoir was suspended on four occasions, for a total of approximately 36 days. The reservoir stored approximately 2.97 billion cubic feet of water during the spring refilling.

Figure 4 indicates the regulated flow of the Black River at Watertown.



Federal Energy Regulatory Commission

The Regulating District operates the Stillwater Dam subject to license exemption P-6743-NY from the Federal Energy Regulatory Commission. An annual safety inspection of the Stillwater Dam was conducted the Regulating District's Chief Engineer and by Ms. Dolores Reyes and Mr. Nicholas Agnoli of the Federal Energy Regulatory Commission on August 27, 2013.

## STATEMENT OF CONDITION AND OPERATION OF SIXTH LAKE RESERVOIR

### Reservoir Operation

The elevation of Sixth Lake Reservoir on January 1, 2013 was 1783.44 feet. During the year ending December 2013, the reservoir elevation varied from a minimum of 1779.56 feet on March 6, 2013, to a maximum of 1785.94 feet on June 28, 2013. On December 31, 2013 the reservoir elevation was 1782.83 feet.

Figure 5 represents the reservoir elevation during the reporting year.

### Precipitation and Inflow

Precipitation was approximately 0% above historic average during the first half of the year, and approximately 110% of historic average during the second half of 2013.

Total inflow to the reservoir was 1.29 billion cubic feet for the year ending December 2013.

Figure 7 indicates the precipitation that occurred at Sixth Lake Reservoir during the period January 1, 2013 to December 31, 2013.

### Reservoir Release and Storage

A total of 1.28 billion cubic feet of water was released from the reservoir during 2013. Daily water releases occurred during approximately 90% of the year. The release of water from the reservoir was suspended from April 23 to May 28, for a total of approximately 36 days. The reservoir stored approximately 0.20 billion cubic feet of water during the spring refilling.

### Maintenance

During the year staff completed several maintenance and repair projects at the gate house.

Daily maintenance was performed including cleaning of debris and wildlife from trash racks, ice removal from gate intake area, daily reservoir elevation readings, and gate changes as directed by the Chief Engineer.

The Chief Engineer performed an annual dam safety inspection.

## STATEMENT OF CONDITION AND OPERATION OF OLD FORGE RESERVOIR

### Reservoir Operation

The elevation of Old Forge Reservoir on January 1, 2013 was 1704.27 feet. During the year the reservoir elevation varied from a minimum of 1703.37 feet on March 4, 2013, to a maximum of 1706.98 feet on June 9, 2013. On December 31, 2013 the reservoir elevation was 1704.78 feet.

Figure 5 represents the reservoir elevation during the reporting year.

### Precipitation and Inflow

Precipitation was approximately 6% above historic average during the first half of the year, and approximately 120% of historic average during the second half of 2013.

Total inflow to the reservoir was 3.33 billion cubic feet for the year ending December 2013.

Figure 7 indicates the precipitation that occurred at Old Forge Reservoir during the period January 1, 2013 to December 31, 2013.

### Reservoir Release and Storage

A total of 3.25 billion cubic feet of water was released from the reservoir during 2013. Daily water releases occurred during approximately 90% of the year. The release of water from the reservoir was suspended from April 23 to May 23, for a total of approximately 31 days. The reservoir stored approximately 0.47 billion cubic feet of water during the spring refilling.

### Maintenance

During the year staff completed several maintenance and repair projects at the gate house.

Daily maintenance was performed including cleaning of debris and wildlife from trash racks, ice removal from gate intake area, daily reservoir elevation readings and gate changes as directed by the Chief Engineer. Inspection, maintenance and reporting of the downstream river gauge were also performed.

The Chief Engineer performed an annual dam safety inspection.

## STATEMENT OF CONDITION AND OPERATION OF HAWKINSVILLE DAM

### Reservoir Operation

The Hawkinsville Dam is operated as run-of-river facility. No management of the water impounded by the dam is required. The elevation of the Black River upstream of the dam is controlled by the discharge characteristics of a 300 foot long spillway. Impoundment elevation varies with the flow of the Black River. No storage capacity for flood protection or augmentation is available at the dam.

### Maintenance

Routine maintenance and inspection activities occurred throughout the reporting year by the Area Administrator and maintenance staff. No major repairs or maintenance were necessary during the year.

### STATEMENT OF OPERATION OF BLACK RIVER AREA OFFICE

District personnel at the Black River Area Office in Watertown performed the following administrative duties in support of the Black River Administrator and field personnel at the Black River Field Office:

- On a daily basis, receive data pertaining to reservoir elevations, water releases and weather observations; then record and transmit information to the Chief Engineer
- On a weekly basis, collect precipitation data from observers at Beaver Falls, Big Moose, Black River, Brown's Falls, Copenhagen, Eagle Bay, Hooker, Highmarket, Lowville, Old Forge, Stillwater and Taylorville; then compile and transmit the information to the National Weather Service. Coordinate any equipment repairs and supply needs of the weather observers with NWS.
- Monitor equipment function and notify USGS of any problems.
- Keep spreadsheets for historical records of: reservoir elevations, stream flow, piezometer readings, precipitation, pH data and snow depth data
- Review piezometer data received from the Black River Field Office and transmit to the Operations Engineer.
- Communicate with Mercer Management personnel regarding release changes at their hydroelectric plant at the Stillwater Reservoir as directed by the Chief Engineer. Coordinate changes with the Black River Field Office personnel. Notified Brookfield Renewable Power of reservoir release changes.
- Communicate with the gatekeepers at Old Forge and Sixth Lake regarding gate changes requested by the Chief Engineer.

**TABLE 1**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**

**PRECIPITATION ON BLACK RIVER WATERSHED**

MONTH	STILLWATER RES.		SIXTH LAKE		OLD FORGE	
	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE
( INCHES)						
<u>2013</u>						
JANUARY	3.83	3.63	3.20	3.58	4.19	4.30
FEBRUARY	2.64	2.84	2.02	2.57	2.64	3.02
MARCH	2.59	3.29	2.13	3.49	3.50	3.68
APRIL	3.27	3.48	3.54	3.44	3.52	3.78
MAY	4.08	4.44	3.45	3.89	3.69	4.54
JUNE	9.04	4.54	6.53	3.92	7.63	4.50
JULY	3.29	4.85	5.24	4.52	7.15	4.32
AUGUST	3.77	4.66	5.28	3.98	4.33	4.35
SEPTEMBER	4.06	5.07	2.50	4.23	3.05	4.81
OCTOBER	6.71	5.08	5.32	4.49	6.82	5.01
NOVEMBER	5.27	4.24	4.90	4.11	5.88	4.60
DECEMBER	4.57	3.93	4.16	3.61	5.47	4.24
TOTAL (Year: Jan. - Dec.)	53.12	50.05	48.27	45.83	57.87	51.15

**BLACK RIVER WATERSHED SNOW SURVEY**

DATE	SURVEY DATA		HISTORIC AVERAGE	
	SNOW DEPTH (INCHES)	WATER CONTENT (INCHES)	SNOW DEPTH (INCHES)	WATER CONTENT (INCHES)
<u>2013</u>				
January 7 - 9	18.2	3.4	12.2	2.3
January 21 - 23	12.2	2.7	15.2	3.0
Feb 4 - 6	9.9	2.2	18.3	4.3
February 18 - 20	18.6	3.9	20.7	5.0
March 4 - 6	19.4	5.3	21.7	6.0
March 18 - 20	19.2	5.1	19.9	6.1
April 1 - 3	14.2	5.0	11.8	4.1
April 15 - 17	5.8	2.1	5.6	2.1
April 29 - May 1	0.0	0.0	0.0	0.0

**TABLE 2**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**  
**INFLOW TO STILLWATER RESERVOIR**

MONTH	INFLOW (B.C.F.)	HISTORIC AVERAGE INFLOW (B.C.F.) (1)	PERCENT OF AVERAGE (%)
<u>2013</u>			
JANUARY	0.98	1.25	79
FEBRUARY	0.95	0.81	117
MARCH	0.85	1.48	58
APRIL	2.44	2.52	97
MAY	0.89	1.44	62
JUNE	1.89	0.86	219
JULY	0.97	0.67	146
AUGUST	0.49	0.67	74
SEPTEMBER	0.38	0.64	60
OCTOBER	0.68	1.03	65
NOVEMBER	1.49	1.32	113
DECEMBER	1.55	1.25	125
<b>TOTAL</b>	13.58	13.92	98

(1) Period of Record 1986 - 2011

**TABLE 3**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**

**REGULATION OF THE BLACK RIVER - STILLWATER RESERVOIR**

MONTH	ELEVATION OF RESERVOIR WATER SURFACE (DAILY AVERAGE) (Feet M.S.L.) (3)	MONTHLY RELEASE (AVERAGE) (C.F.S.)	WATERTOWN COMPUTED NATURAL FLOW (AVERAGE) (C.F.S.) (1)	WATERTOWN REGULATED FLOW (AVERAGE) (C.F.S.) (2)
<a href="#">2013</a>				
JANUARY	1667.44	317	3999	3950
FEBRUARY	1667.88	390	5178	5190
MARCH	1666.05	426	4352	4460
APRIL	1676.37	126	10336	9520
MAY	1678.00	184	3390	3240
JUNE	1677.83	743	4977	4990
JULY	1675.43	600	4383	4620
AUGUST	1671.72	500	1614	1930
SEPTEMBER	1668.19	400	1387	1640
OCTOBER	1666.15	372	2780	2900
NOVEMBER	1670.39	300	7426	7150
DECEMBER	1672.83	387	6453	6260

(1) Watertown flow minus net reservoir augmentation (release minus inflow).

(2) Black River flow at Watertown (VanDuzee Street gauge).

(3) Daily average on last day of the month



# Hudson River - Black River Regulating District

## STILLWATER RESERVOIR

RESERVOIR ELEVATION JANUARY 2013 - DECEMBER 2013

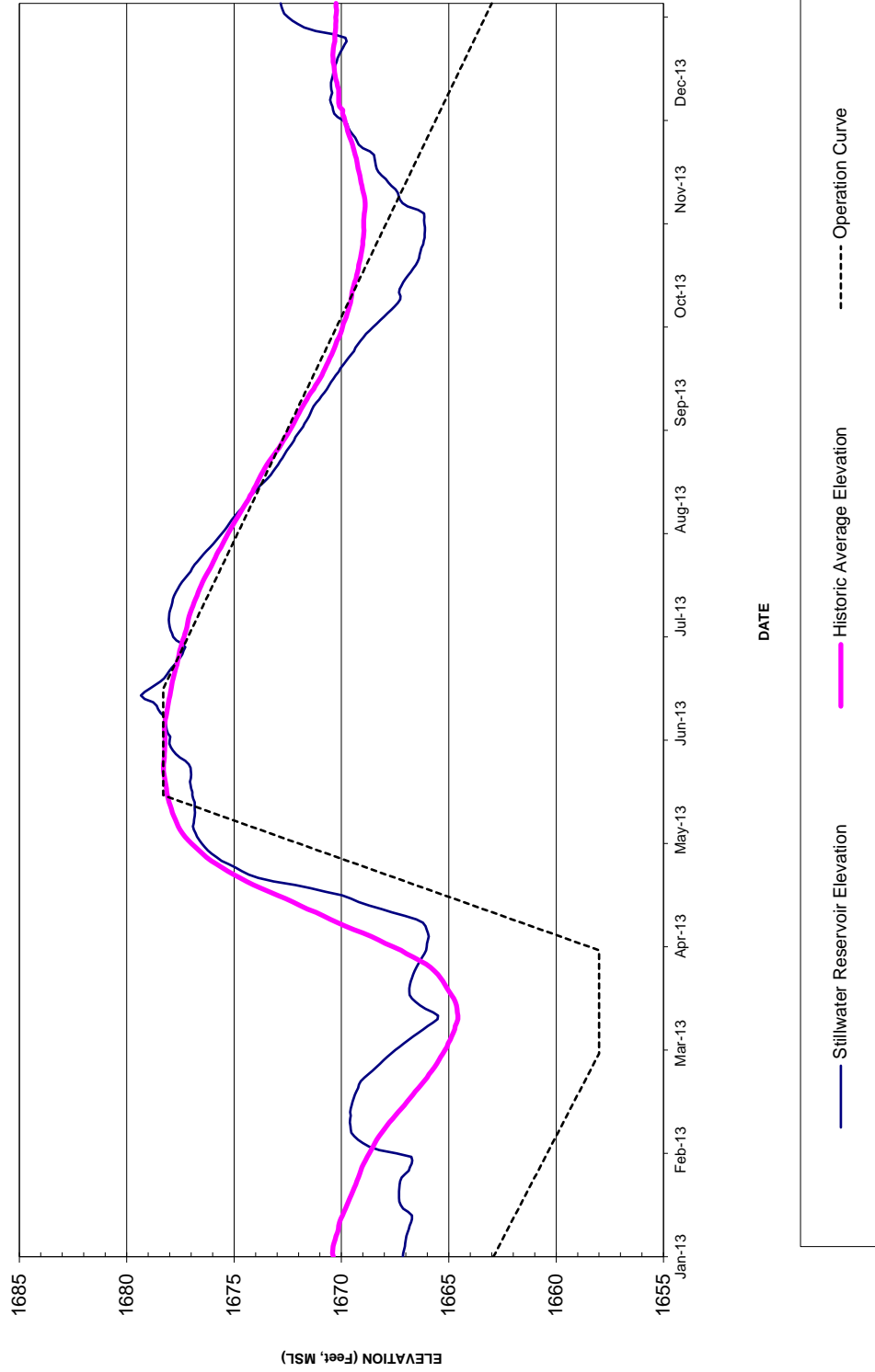


Figure 1

### Hudson River - Black River Regulating District

#### STILLWATER RESERVOIR

PRECIPITATION JANUARY 2013- DECEMBER 2013

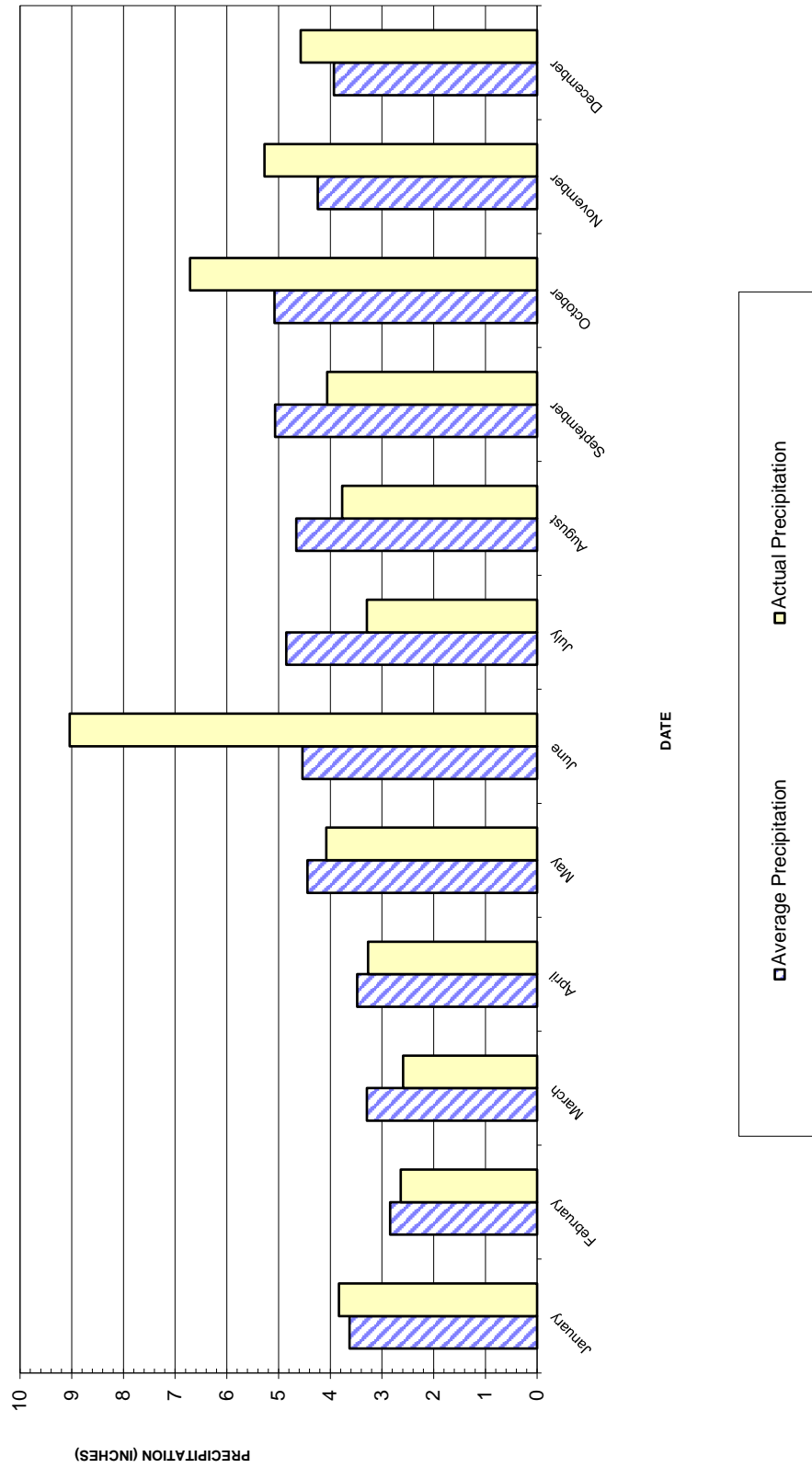


Figure 2

# Hudson River - Black River Regulating District

## STILLWATER RESERVOIR

INFLOW JANUARY 2013 - DECEMBER 2013

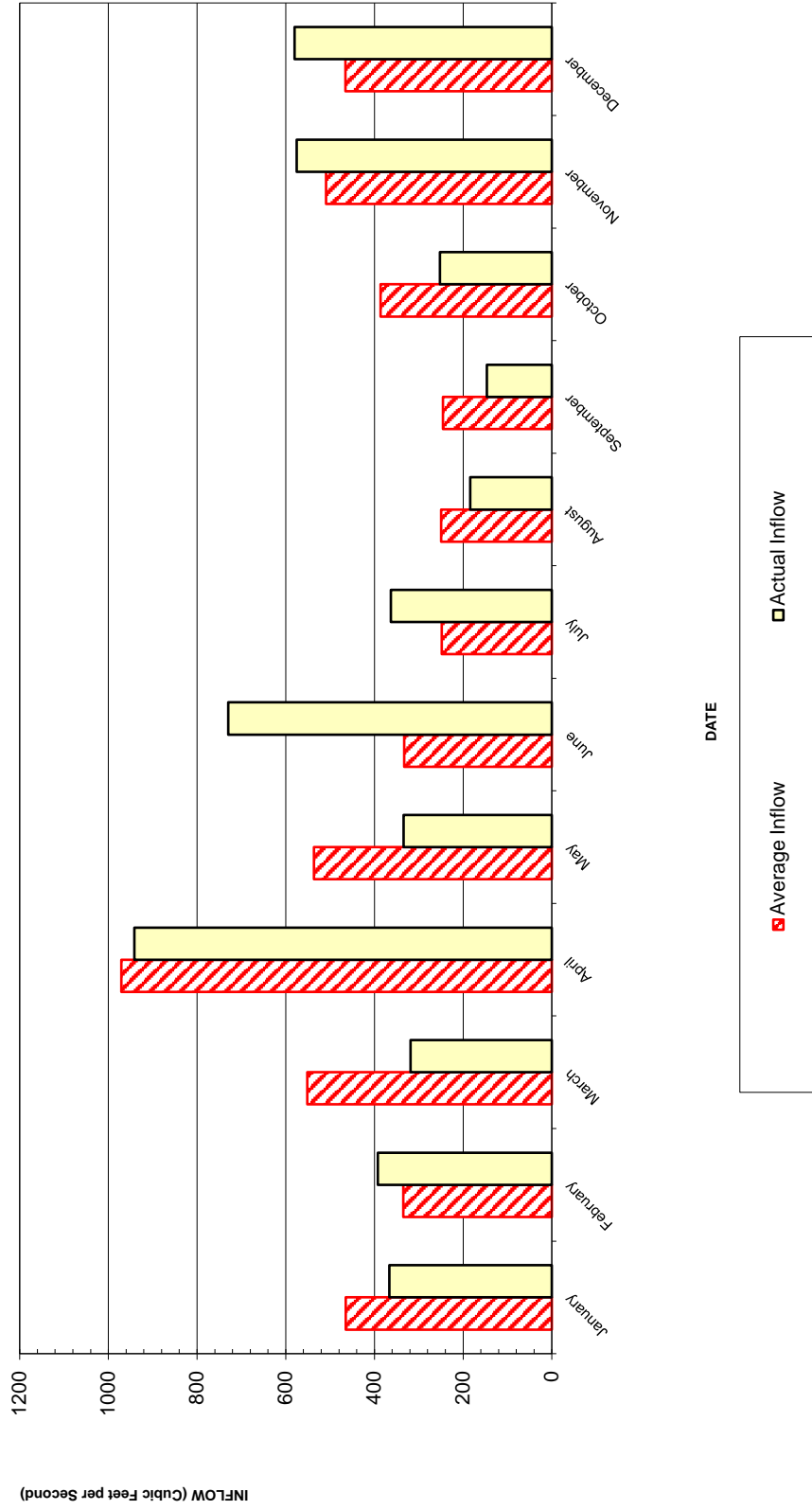


Figure 3

# Hudson River - Black River Regulating District

## STILLWATER RESERVOIR

BLACK RIVER FLOW AT WATERTOWN JANUARY 2013 - DECEMBER 2013

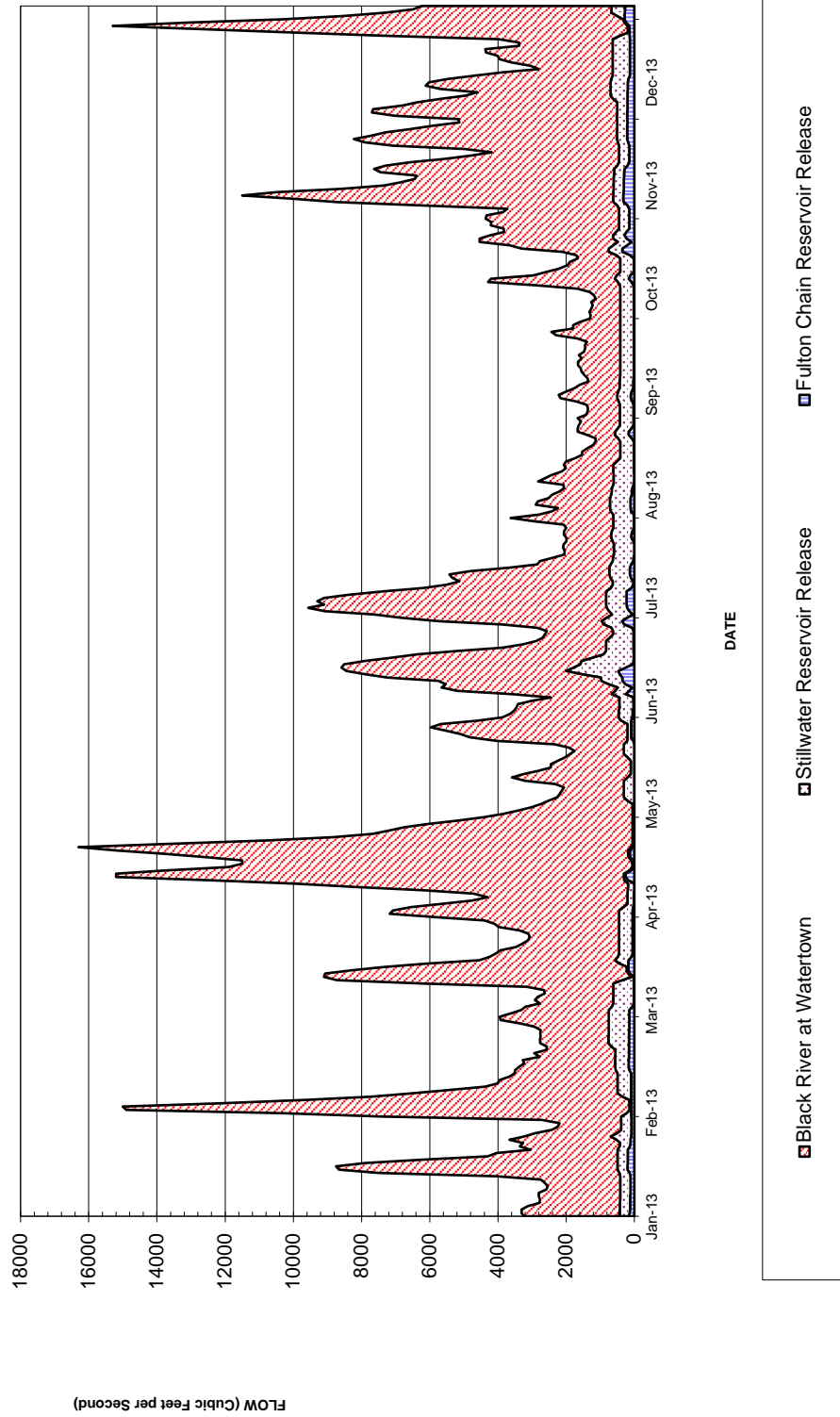


Figure 4

# Hudson River - Black River Regulating District

## SIXTH LAKE RESERVOIR

RESERVOIR ELEVATION JANUARY 2013 - DECEMBER 2013

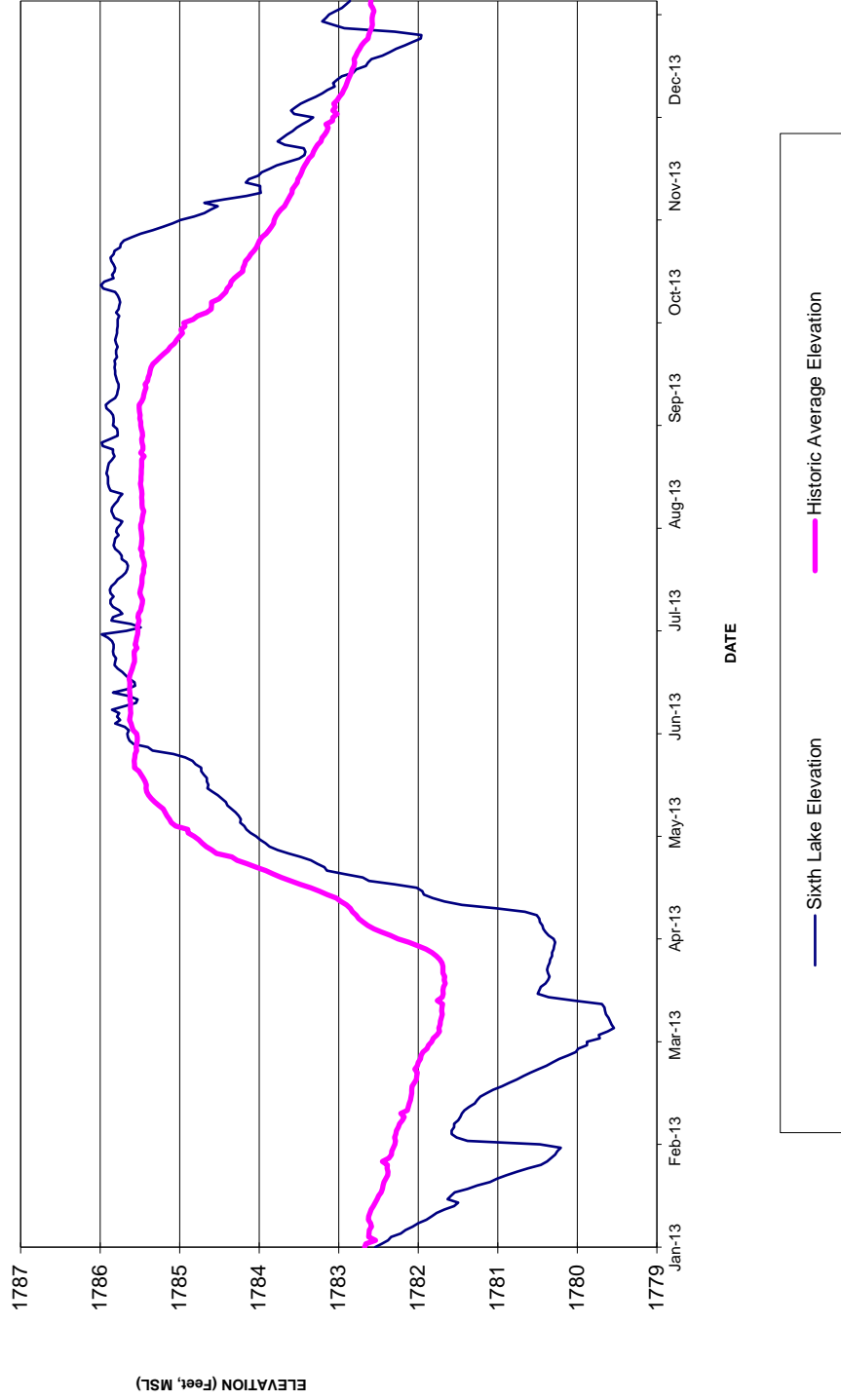


Figure 5

# Hudson River - Black River Regulating District

## OLD FORGE RESERVOIR

RESERVOIR ELEVATION JANUARY 2013 - DECEMBER 2013

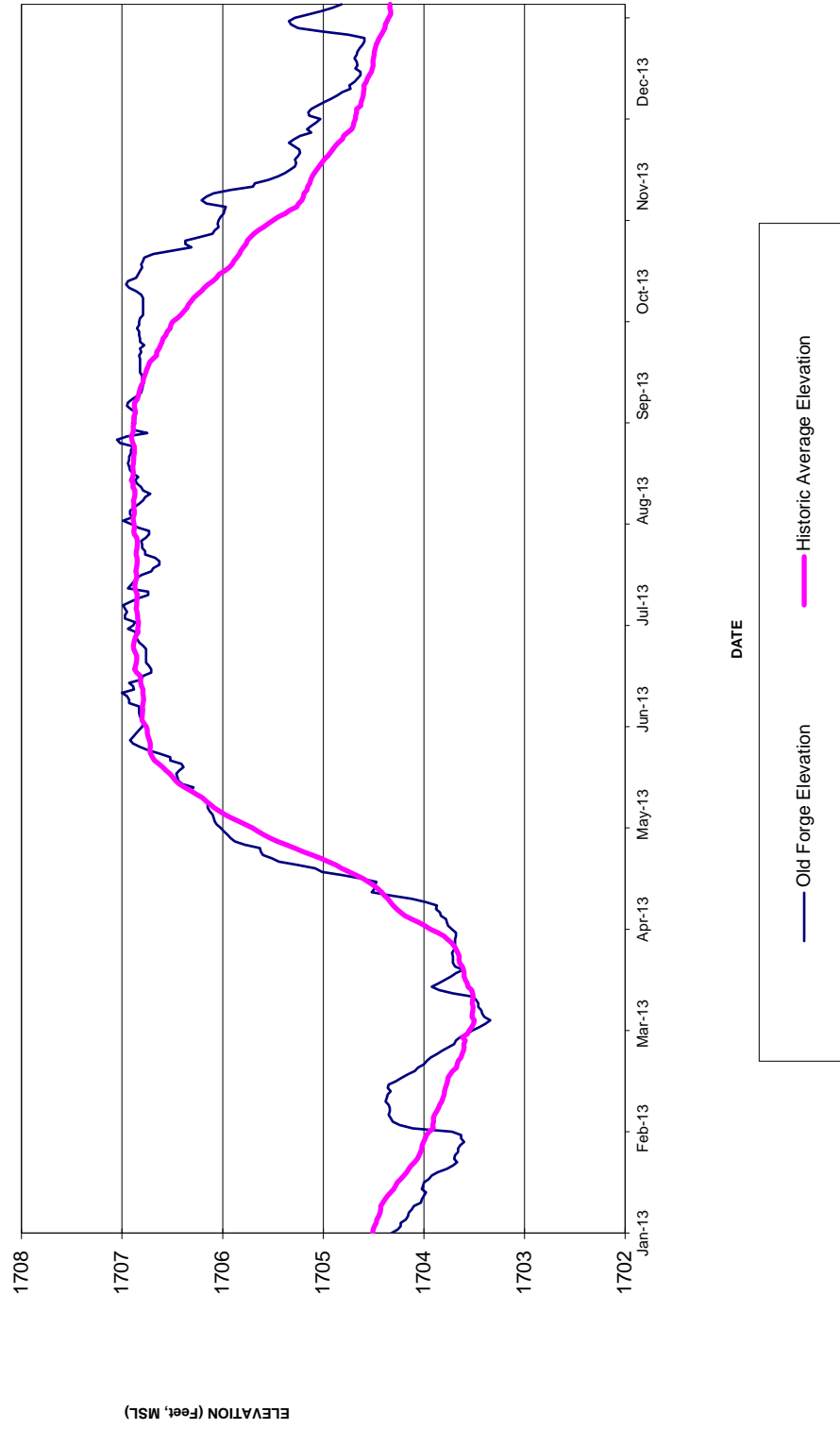


Figure 6

### Hudson River - Black River Regulating District

#### FULTON CHAIN RESERVOIRS

PRECIPITATION JANUARY 2013 - DECEMBER 2013

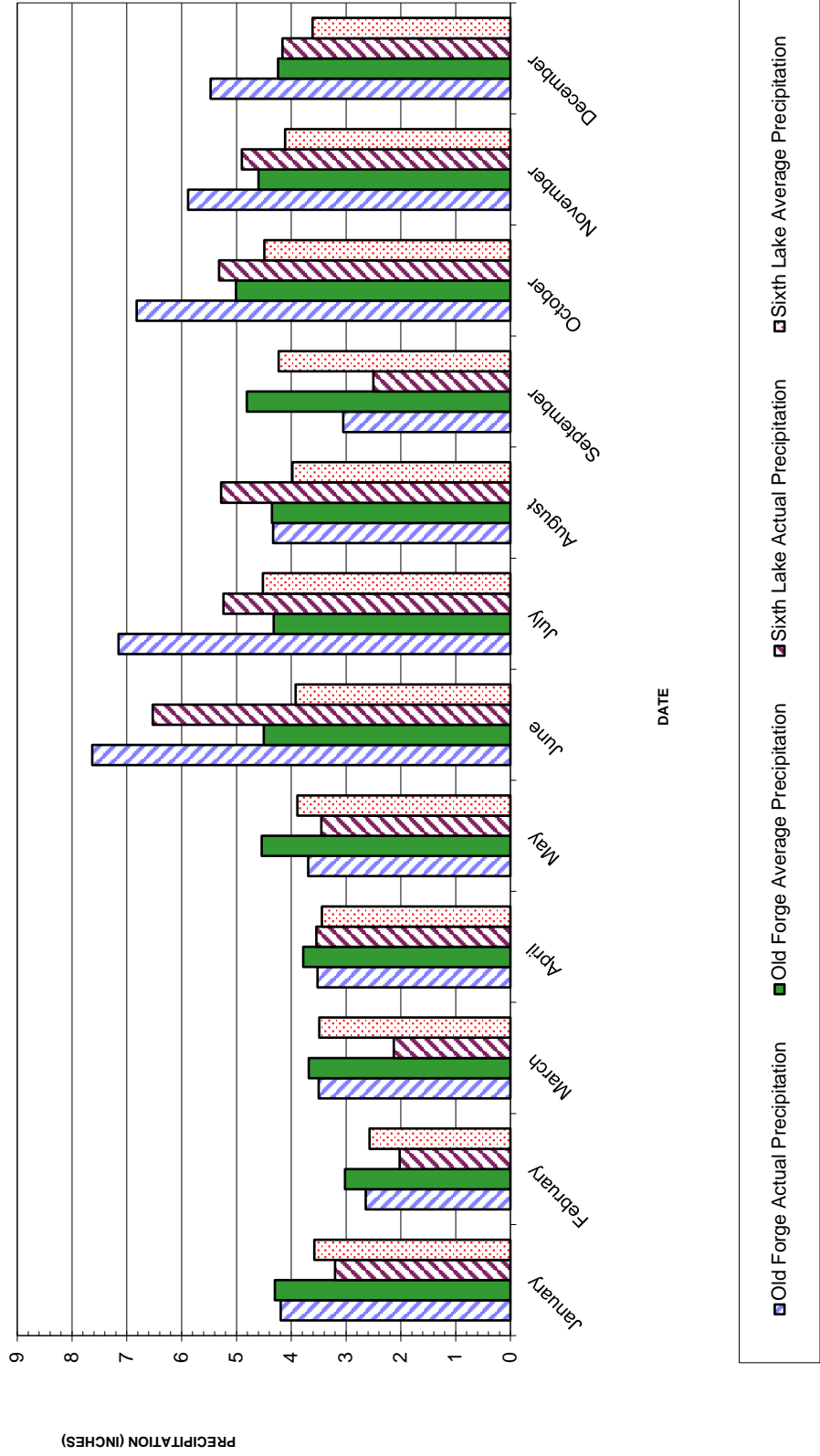


Figure 7

**RESOLUTIONS JANUARY 1, 2013 – DECEMBER 31, 2013****2013 ORGANIZATIONAL MEETING**

- 13-01-01 RESOLUTION TO AWARD THE WORK TO PERFORM HAWKINSVILLE DAM REMEDIATION & REMOVAL FINAL STUDY & DESIGN TO KLEINSCHMIDT ASSOCIATES, PA, PC
- 13-02-01 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE REGULAR MEETING FOR MARCH 12, 2013 BOARD MEETING
- 13-03-03 RESOLUTION TO APPROVE AN APPORTIONMENT FOR THE HUDSON RIVER AREA WITH MODIFICATION
- 13-04-03 RESOLUTION APPROVING A REVISED BUDGET FOR THE HUDSON RIVER AREA FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2015 AND ESTABLISHMENT OF STATE SHARE
- 13-05-03 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE APRIL 9, 2013 BOARD MEETING
- 13-06-04 RESOLUTION TO AWARD THE WORK TO PERFORM STILLWATER DAM BREACH ANALYSIS TO HENNINGSON, DURHAM & RICHARDSON ARCHITECTURE AND ENGINEERING, P.C. (HDR)
- 13-07-04 RESOLUTION TO APPROVE CONTRACT FOR KLEINSCHMIDT ASSOCIATES, PA, PC TO PERFORM HAWKINSVILLE DAM REMEDIATION & REMOVAL FINAL STUDY & DESIGN
- 13-08-04 RESOLUTION TO ADOPT DOMESTIC VIOLENCE AND WORKPLACE POLICY
- 13-09-04 RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S INVESTMENT POLICY
- 13-10-04 RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S PROCUREMENT POLICY
- 13-11-04 RESOLUTION TO ANNUALLY REVIEW AND APPROVE THE REGULATING DISTRICT'S DISPOSITION OF PROPERTY GUIDELINES PURSUANT TO SECTION 2896(1) OF THE PUBLIC AUTHORITIES LAW
- 13-12-04 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE MAY 14, 2013 BOARD MEETING



**RESOLUTIONS ----- 2013**

- 13-13-05 RESOLUTION TO ACCEPT HDR PROPOSAL TO PERFORM STILLWATER DAM BREACH ANALYSIS
- 13-14-05 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JUNE 11, 2013 BOARD MEETING
- 13-15-06 RESOLUTION TO APPROVE COOL INSURING AGENCY, INC. INSURANCE PROPOSAL FOR POLICY YEAR JULY 1, 2013 THROUGH JUNE 30, 2014
- 13-16-06 RESOLUTION TO AUTHORIZE THE ENGAGEMENT OF FISCAL ADVISORS & MARKETING, INC. IN CONNECTION TO THE ISSUANCE OF SERIAL BONDS FOR CAPITAL PROJECTS
- 13-17-06 RESOLUTION TO AMEND AUDIT SERVICES AGREEMENT WITH THE BONADIO GROUP & TO EXERCISE OPTION TO PERFORM AUDIT SERVICES FOR FISCAL YEAR ENDING JUNE 30, 2013
- 13-18-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE BLACK RIVER AREA FOR THE SECOND YEAR OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2013 THROUGH JUNE 30, 2014
- 13-19-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE HUDSON RIVER AREA FOR THE SECOND YEAR OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2013 THROUGH JUNE 30, 2014
- 13-20-06 RESOLUTION TO APPROVE THE STATE SHARE FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE HUDSON RIVER AREA FOR THE SECOND YEAR OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2013 THROUGH JUNE 30, 2014
- 13-21-06 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JULY 9, 2013 BOARD MEETING
- 13-22-07 RESOLUTION TO RECALL CHERYL JAQUISH AS A SENIOR ADMINISTRATIVE ASSISTANT IN THE GENERAL BOARD AREA OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
- 13-23-07 RESOLUTION TO RECALL DAVID IOELE AS A MAINTENANCE SPECIALIST IN THE HUDSON RIVER AREA OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

**RESOLUTIONS ----- 2013**

- 13-24-07 RESOLUTION TO APPROVE THE PROMOTION OF RANDY PALMATEER TO FOREMAN IN THE HUDSON RIVER AREA
- 13-25-07 RESOLUTION TO APPROVE THE PROMOTION OF STEPHANIE RUZYCKY TO SENIOR FIELD ASSISTANT IN THE HUDSON RIVER AREA
- 13-26-07 RESOLUTION TO APPROVE A THIRTEENTH AMENDMENT TO THE RETAINER AGREEMENT FOR LEGAL SERVICES IN CONNECTION TO ONGOING LITIGATION WITH ERIE BOULEVARD HYDROPOWER, L.P. AND NIAGARA MOHAWK POWER CORPORATION
- 13-27-07 RESOLUTION AUTHORIZING THE REGULATING DISTRICT TO RETAIN A CONSULTING FIRM FOR INSURANCE AND RISK MANAGEMENT SERVICES
- 13-28-07 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE SEPTEMBER 10, 2013 BOARD MEETING
- 13-29-07 RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO EXECUTE AGREEMENT BY AND BETWEEN THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT AND THE CIVIL SERVICE EMPLOYEES ASSOCIATION, INC., AFSCME LOCAL 1000, AFL-CIO, HUDSON RIVER-BLACK RIVER REGULATING DISTRICT LOCAL 120
- 13-30-08 RESOLUTION TO NAME JOHN HODGSON ACTING BLACK RIVER AREA ADMINISTRATOR IN THE BLACK RIVER AREA OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT AND TO DEVOLVE UPON THE CHIEF FISCAL OFFICER CERTAIN DUTIES OF THE BLACK RIVER AREA ADMINISTRATOR
- 13-31-09 RESOLUTION TO APPROVE A FOURTEENTH AMENDMENT TO THE RETAINER AGREEMENT FOR LEGAL SERVICES IN CONNECTION TO ONGOING LITIGATION WITH ERIE BOULEVARD HYDROPOWER, L.P. AND NIAGARA MOHAWK POWER CORPORATION
- 13-32-09 RESOLUTION TO ACCEPT BID AND ISSUE CONDITIONAL AWARD OF WORK FOR SUBSURFACE INVESTIGATION WORK AT SIXTH LAKE DAM
- 13-33-09 RESOLUTION TO APPROVE THIRD AMENDMENT TO CONTRACT C032007 WITH GEI CONSULTANTS, INC. TO EXTEND EXPIRATION DATE

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- 13-34-09 RESOLUTION TO ADOPT REVISED DOMESTIC VIOLENCE AND WORKPLACE POLICY
- 13-35-09 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE OCTOBER 8, 2013 BOARD MEETING
- 13-36-10 RESOLUTION TO APPROVE 3<sup>RD</sup> AMENDMENT TO CONTRACT NO. C092007 WITH GOMEZ AND SULLIVAN ENGINEERS, P.C.
- 13-37-10 RESOLUTION TO AUTHORIZE THE SOLICITATION OF LEGAL SERVICES TO REPRESENT THE DISTRICT IN A LAWSUIT TO BE FILED AGAINST ERIE BOULEVARD HYDROPOWER L.P.
- 13-38-10 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE NOVEMBER 13, 2013 BOARD MEETING
- 13-39-11 RESOLUTION TO APPROVE THIRD AMENDMENT TO CONTRACT C032007 WITH GEI CONSULTANTS, INC. TO EXTEND EXPIRATION DATE
- 13-40-11 RESOLUTION TO ENGAGE BRYANT RABBINO, LLP (BOND COUNSEL) FOR SERIAL BOND ISSUANCE
- 13-41-11 RESOLUTION TO AUTHORIZE SATISFACTION OF JUDGMENT IN AEC V. HRBRRD
- 13-42-11 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE DECEMBER 10, 2013 BOARD MEETING
- 13-43-12 RESOLUTION AUTHORIZING THE CHIEF FISCAL OFFICER TO EXERCISE LEASE OPTION WITH DAVID L. GRUENBERG, AS THE TEMPORARY RECEIVER OF RENTS & PROFITS (ACTING ON BEHALF OF SKY FOUR REALTY LLC) FOR THE ALBANY OFFICE
- 13-44-12 RESOLUTION AUTHORIZING THE CHIEF ENGINEER TO SELECT THIRD ENGINEERING CONSULTANT IN CONNECTION WITH THE CONKLINGVILLE DAM PART 12 INDEPENDENT CONSULTANT SAFETY INSPECTION
- 13-45-12 RESOLUTION TO AWARD ENGINEERING ASSESSMENT WORK AT INDIAN LAKE DAM TO BERGMANN ASSOCIATES
- 13-46-12 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE ANNUAL ORGANIZATIONAL MEETING AND REGULAR MEETING FOR JANUARY 14, 2014 BOARD MEETING