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May 19, 2014

**VIA E-MAIL**

Hon. Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

RE: Case 14-E-0117, In The Matter Of The Verified Joint Application Of Helios Power Capital, LLC, Danskammer Energy, LLC and Mercuria Energy America, Inc., For Expedited Approval For The Lease, Sale And Operation Of The Danskammer Generating Facility Under Lightened Regulation And For Related Relief

Dear Secretary Burgess:

On April 1, 2014, we filed with the Public Service Commission (the "Commission") the above-referenced Verified Joint Application (the "Application") on behalf of Helios Power Capital, LLC, Danskammer Energy, LLC, and Mercuria Energy America, Inc. ("MEA") (collectively, the "Petitioners"). Since that filing, there have been two major developments relating to the substance of the Application. Accordingly, we are providing the following updates to the Application.

**Plant Operator**

In the Application, we noted that, as of the date of filing, the Petitioners had not yet selected a contractor to operate the Danskammer Generating Facility (the "Facility").<sup>1</sup> The Petitioners have recently selected designated affiliates of Consolidated Asset Management Services, LLC ("CAMS") as the operator for the Facility. CAMS has extensive experience in generating plant operation and maintenance, as well as asset management, having performed such services for approximately 30 power plant projects in North America.<sup>2</sup> CAMS is also experienced in project development; construction; engineering, procurement and construction management; major

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<sup>1</sup> Application at 9.

<sup>2</sup> See web site: [www.camstex.com](http://www.camstex.com).

maintenance management; information technology services; and other power plant services and support. CAMS provides these services through a team of experienced managers and operations personnel. CAMS has the necessary capabilities to restore the generating units of the Facility to service promptly and to operate them safely, reliably and efficiently. The Petitioners are finalizing agreements for the operation and maintenance of the Facility and will have these agreements in place prior to or concurrent with the approval being sought from the Commission in the Application.

### **Fuel**

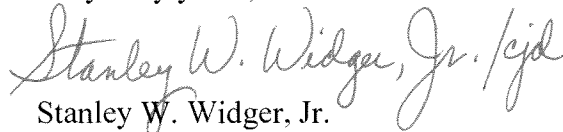
As indicated in the Application, the Petitioners' intent is to use natural gas as the primary fuel for the Facility whenever natural gas is available.<sup>3</sup> The Application also noted that, in light of constraints on the Central Hudson Gas & Electric Corporation ("Central Hudson") system, if the Facility were called upon to run and natural gas were not available, Units 1 and 2 would run on fuel oil as a secondary source and Units 3 and 4 would run on coal as their secondary source. Concern about the availability of natural gas is currently being addressed with Central Hudson. By taking tariffed firm transportation service on the Central Hudson system, the Petitioners view it as unnecessary for Units 3 and 4 to use coal, and the Petitioners have no intention of doing so. Transportation service upstream of the Central Hudson system is not constrained. The Petitioners are evaluating the options for such service and do not anticipate any difficulty in making the necessary arrangements to deliver natural gas to the Central Hudson system.<sup>4</sup> Certain modifications of the Central Hudson system, such as the installation of metering equipment, will be required; but the Petitioners understand that such modifications are expected to be minor and can be completed readily.

The foregoing developments provide additional, compelling support for a prompt decision by the Commission granting the relief requested in the Application.

We are serving this filing electronically on the parties listed on the Commission's web site for this proceeding.

If you have any questions about this matter, please contact me.

Very truly yours,

  
Stanley W. Widger, Jr.

cc: Leonard Van Ryn, Esq.  
James Austin  
*[continued on next page]*

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<sup>3</sup> Application at 14.

<sup>4</sup> Central Hudson has existing interconnections with the Iroquois, Tennessee, Columbia, and Algonquin transmission systems.

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