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ELECTRIC
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NEWS RELEASE: for immediate release

The Board of Public Utilities agreed today to accept the negotiated settlement offer of \$1,278,878.68 from Niagara Mohawk, a division of National Grid, for the inaccurate application of their rate schedule (204) for power delivered to Jamestown BPU over Niagara Mohawk transmission lines during the period from 1994 through August, 2001. The settlement provides a refund for electric transmission service.

The error was discovered during the negotiation process for transmission service between the BPU, Niagara Mohawk and the New York Power Authority. Niagara Mohawk erred by billing the BPU based upon scheduled demand rather than actual metered demand as the tariff proscribes.

Upon final approval from the federal regulating agency (FERC), BPU General Manager, Wally Haase, will seek permission from the New York Public Service Commission to allow the local utility to apply this refund to finance several very important capital projects in 2003. The application of these funds to the BPU 2003 capital project program will help reduce the BPU electric division's projected 2003 deficit of \$2.4 million. Haase indicated his satisfaction in reaching an amicable, out-of-court settlement with Niagara Mohawk over the matter and emphasized, "This payment could reduce the BPU's projected loss for 2003 by half – going even further to mitigate a possible electric rate increase in the near future."