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NEW YORK ASSOCIATION OF PUBLIC POWER ANNOUNCES SETTLEMENT WITH LONG ISLAND POWER AUTHORITY TO REMOVE GROSS RECEIPTS TAX FROM RATES

The New York Association of Public Power (NYAPP) announced that it had reached a settlement with the Long Island Power Authority (LIPA) under which LIPA's transmission service rates will be reduced to remove the portion attributed to the state Gross Receipts Tax, effective May 1, 2005. NYAPP is a group of community-owned municipal and cooperative electric utilities, and it has three members on Long Island: Freeport, Greenport and Rockville Centre.

The three Long Island NYAPP members have paid transmission service charges to LIPA at rates which reflected LIPA's payments in lieu of the Gross Receipts Tax. However, the state Gross Receipts Tax was eliminated by the New York State Legislature effective January 1, 2005, to assist competition in the electric utility industry. As a part of the settlement, LIPA agreed to reduce its transmission service rates to reflect the elimination of the Gross Receipts Tax.

NYAPP President Paul Pallas welcomed the voluntary rate reduction by LIPA, removing the portion of the rate previously collected for the Gross Receipts Tax. Mr. Pallas said: "The settlement with LIPA is significant because other transmission owners across New York State continue to include the Gross Receipts Tax in their rates. NYAPP hopes that LIPA's action will provide an example that will be followed by other transmission owners."

While the settlement is between LIPA and the three NYAPP members on Long Island, Mr. Pallas noted that the reduction in transmission services charges will benefit all LIPA customers.

According to Walter Haase, General Manager of the of the Jamestown Board of Public Utilities, Niagara Mohawk Power Corporation continues to include the Gross Receipt Tax amounts in its transmission rates.

The New York Association of Public Power (NYAPP) was founded in January 2005 in response to emerging opportunities and challenges on both the national and state levels in the electric utility industry. The members are community-owned municipal and cooperative utilities in New York State.

Founding members of the NYAPP include: the Village of Freeport, the Green Island Power Authority, the Village of Greenport Municipal Utilities, the Jamestown Board of Public Utilities, the Town of Massena Electric Department, the Oneida-Madison Electric Cooperative, the Otsego Electric Cooperative, the Village of Rockville Centre, the Salamanca Board of Public Utilities, the Village of Sherburne, the City of Sherrill Power and Light, and the Steuben Rural Electric Cooperative.

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