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NEWS RELEASE: For immediate release

5/8/07

New York Power Authority Increases Hydropower Rates

The trustees of the New York Power Authority (NYPA) will increase rates on the preference hydropower sold from its Niagara Power Project, taking effect immediately, retroactive to May 1 of this year.

The Jamestown Board of Public Utilities (BPU) is one of 47 New York State municipal and four electrical cooperatives that receive preference hydropower from NYPA, based on the Niagara Redevelopment Act of 1957. All of NYPA's preference customers are affected by the rate increase.

According to a NYPA Staff Report, the increases are primarily based on two causes: (1) the \$494 million spent by NYPA to obtain a new 50 year federal license for the Niagara Project, including payments to communities in Niagara and Erie Counties, and (2) the \$298 million spent by NYPA to upgrade and modernize the project.

The BPU purchases more than 75% of the energy sold to its customers from the Niagara Power Project. The increase in the BPU's power costs from NYPA raises the current demand charge from \$2.38 per kilowatt per month to \$2.65 per kilowatt per month in 2007 and to \$2.96 per kilowatt per month in 2008. Overall, the percentage increase is 5.5% in May 2007, and 5.9% in May 2008.

The added costs of purchasing power from NYPA will be passed on to the BPU customers monthly through the tariffs fuel cost adjustment charge.

BPU General Manager Walter Haase received a letter notifying the BPU of the increase as a result of a vote by the NYPA Trustees at their April 24, 2007, meeting.