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NEWS RELEASE: For immediate release

BPU TO RECEIVE OVER \$7.5 MILLION JUDGMENT

The Board of Public Utilities and seven other New York State municipal utilities have won a ten year legal battle over rates against the Power Authority of the State of New York (PASNY), now known as the New York Power Authority.

A judgment was rendered in favor of the municipal utilities and against the Power Authority. The Power Authority appealed this judgment, which was upheld by the Appellate Division of the courts with a judgment filed on June 12, 2000 in the amount of \$10,975,570 plus interest totaling \$4,296,217. Interest accrued at a 9% annual rate. The Power Authority's appeal to the Court of Appeals was denied.

In addition to the judgment, the eight municipal utilities sought additional compensation for alleged overcharges from May 1, 1999, the date of the judgment award, through December 17, 2001. After intense negotiations, the Power Authority and the municipal utilities reached a settlement of \$2.3 million, plus interest, to avoid further litigation.

BPU General Manager, Walter W. Haase, P.E., recommended acceptance of the agreement, "In an effort to better position the utility for upcoming negotiations of a new BPU power supply agreement." Haase went on to explain, "If we had continued the litigation, there is every indication that the present award would have been delayed for two to three more years. This solution allows us to improve our relationship with NYPA and allows our customers to reap the benefits of the award."

The Board of Public Utilities received its portion of the award last Friday. Including interest, the award amounted to \$7,509,789. There is an estimated \$300,000 in legal expenses, which will be retained to repay the BPU Operating Fund for the expenses of the lawsuit. The remainder of the money will require approval of the utility's state regulating body, the Public Service Commission, as to how it will be distributed.

