

WNY NOTES

Gov. George E. Pataki announced a new program to distribute some of NYPA's surplus computer equipment to public schools statewide, beginning in



Niagara Falls. On June 5, 30 cleaned and refurbished desktop

computers, no longer needed by the Power Authority, were delivered to Niagara Falls High School for use in district classrooms.

NYPA Chairman Louis P. Ciminelli joined state and local officials at a June dedication of two microturbines at the Town of Lewiston Water Pollution Control Center. Funding for the new units, which are fueled by waste gas generated on site and produce 30 kilowatts apiece, came from NYPA and state Petroleum Overcharge Restitution Fund money. Lewiston is estimated to save \$40,000 annually at the municipal facility.

A 'WORKING' RELATIONSHIP THAT PUTS PEOPLE TO WORK

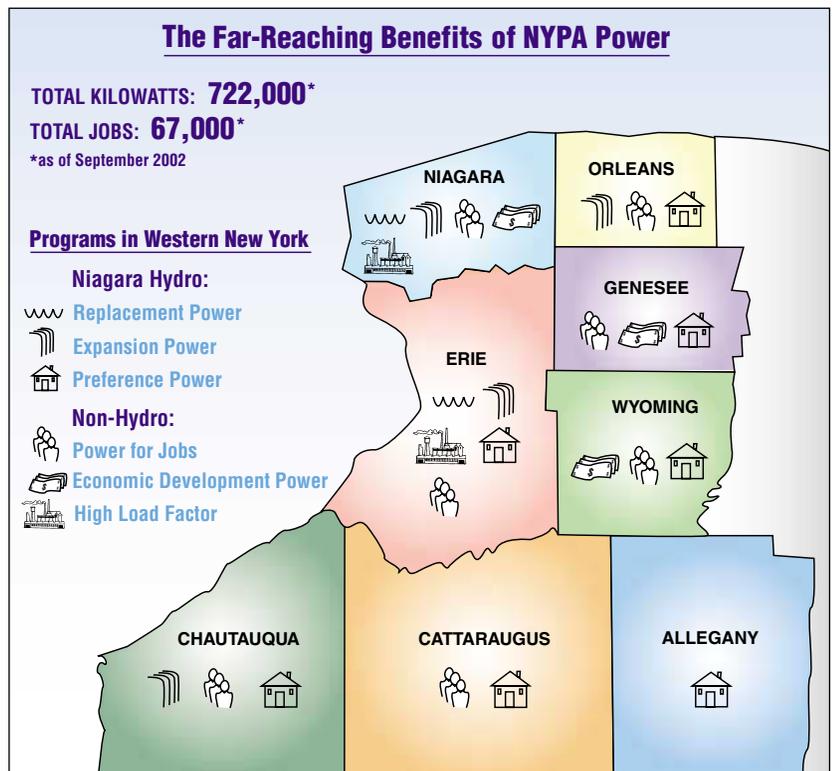
Since the Niagara Power Project produced its first commercial electricity in January 1961, the New York Power Authority has established a solid working relationship with Western New York. Power allocations from the Niagara project, as well as other supplies provided by NYPA, help keep some 67,000 workers employed through six different NYPA power allocation programs (see map at right).

Certain allocations, such as those of hydropower generated at NYPA's Niagara project in Lewiston, have specifically targeted business customers within a 30-mile radius of the facility for more than 40 years.

In June, Governor Pataki announced that 17,000 kilowatts (kw) of Niagara hydro-power would be reallocated to local manufacturers to boost the region's economy.

Priced at less than 2 cents per kilowatt-hour (kwh), 60 percent lower than the national average for industrial electricity, some 695,000 kw of Niagara hydropower is sold under two classifications: Replacement Power and

Expansion Power. While most customers have longtime relationships with NYPA, the governor's announcement concerned 17 new Replacement

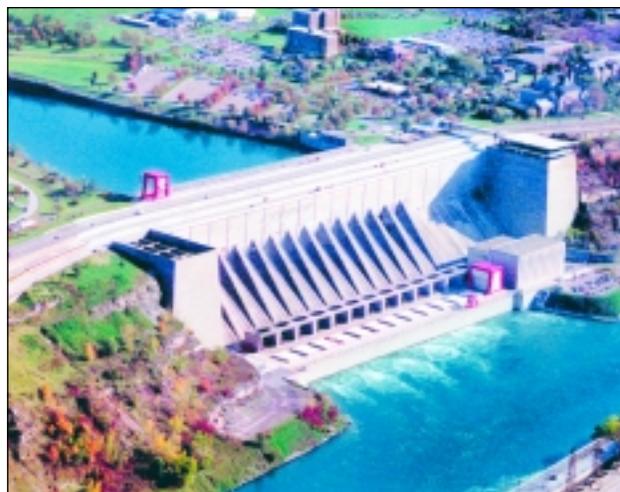


Power allocations to customers who have pledged to create 545 new jobs at Western New York companies.

continued on back

Niagara Project Relicensing Begins With Outreach

New York Power Authority staff members have begun outreach efforts to ensure full public participation in the upcoming relicensing process for the Niagara Power Project.



Robert Moses Niagara Power Plant

The original license for NYPA's largest hydro-electric project, in Lewiston, will expire in 2007. In July, the Federal Energy Regulatory Commission (FERC) approved the use of an Alternative Licensing Procedure for the Niagara project relicensing to increase public involvement in the multiyear process.

NYPA's request for an alternative, more open relicensing has been supported by Western New York businesses, community groups, government officials and other interested parties. The Power Authority has begun meeting with stakeholders, including the Western New York Relicensing Consensus Committee, the Niagara Power Coalition, the Tuscarora Indian Nation and a number of resource agencies that are affected by the power project. The purpose of these preliminary meet-

continued on back

A 'Working' Relationship

continued from front

Some 40 percent of Niagara hydropower is also set aside for use by the state's 51 municipal and rural cooperative electric systems, 16 of which are located in Western New York. Of that amount, 54,000 kw is available to all 51 systems specifically for economic development purposes.

NYPA power allocations, purchased wholesale from private energy suppliers, are used in Governor Pataki's five-year-old Power for Jobs™ program, a statewide economic development initiative that provides more than 100 companies in Western New York with savings of 10-to-25 percent on their monthly utility bills.

In August, the governor signed legislation extending the program with the dual purpose of continuing existing Power for Jobs allocations while making economical electricity available to additional eligible recipients.

Niagara Project Relicensing

continued from front

ings has been to provide background information necessary for a full understanding of the Niagara project, the relicensing process and NYPA's role in the Western New York economy.



Buffalo China has been a NYPA Replacement Power customer since 1989.

That role began in 1957, when Congress passed the Niagara Redevelopment Act, which directed the Federal Power Commission (now known as FERC) to issue a 50-year license to the Power Authority to build and operate the Niagara project. Construction began the following year, with first commercial power generated at the facility in 1961.

Finally, Western New York businesses benefit from two other types of NYPA-provided non-hydro allocations: Economic Development Power, a block of 1,625 kw, is tied to 245 jobs in the region, while High Load Factor recipients (large manufacturers) use 30,250 kw to help keep 280 workers employed.

In addition, NYPA in 1990 established a \$5 million economic development fund for Niagara County that today is worth some \$6.4 million. Working with both state and local representatives, NYPA has used this fund to make 21 low-interest loans that are linked to the creation of approximately 1,300 jobs at new or expanding companies. ❖

NYPA expects to file an application for a new license with FERC by 2005.

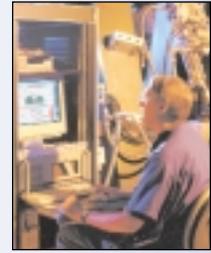
The Alternative Licensing Procedure includes a schedule that targets December 2002 for the release of an initial information package, called the First Stage Consultation Report. Once this report is published, NYPA will hold organizational meetings with stakeholders and others who wish to participate in the relicensing process.

Starting in January 2003, participants will work cooperatively to identify and resolve relevant issues that will be included in NYPA's Applicant-Prepared Environmental Assessment; this phase of the process is known as scoping.

NYPA has established a web site (<http://niagara.nypa.gov>) to provide accurate, up-to-date information on the entire relicensing effort, including meeting schedules, correspondence between participants and other relevant documents. Information will also be available at public libraries in Buffalo, Lewiston, Lockport, Niagara Falls and North Tonawanda and at the Niagara Power Project visitors center. ❖

CUSTOMER PROFILE

MOOG INC.



The Power Authority provides Western New York with economical electricity that helps protect some 67,000 jobs,

including almost 50,000 linked to power from the Niagara project. Meet one of our customers.

Name: Moog Inc.

Location: East Aurora, Erie County

Business: A worldwide manufacturer of precision control components and systems used in military and commercial aircraft, satellites and space vehicles, launch vehicles, missiles and automated industrial machinery.

Type of Allocation: Expansion Power

Total Employment: 2,000

Quote to Note:

Over the past 25 years, NYPA has supplied Moog with dependable low-cost power, allowing the company to maintain its state-of-the-art manufacturing facilities in Western New York. This significant long-term relationship is highly valued both by the company and its 2,000 local employees.

*-Dr. Richard A. Aubrecht,
Vice Chairman and Vice President
- Strategy & Technology*

ABOUT WNY UPDATE

This quarterly newsletter reports on Power Authority activities in Western New York, particularly those associated with NYPA's Niagara Power Project.

We welcome your comments.

To contact us, call Joanne Willmott, community relations manager, 716-286-6651.