FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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COMMISSION RELICENSES 2,755-MW NIAGARA HYDRO PROJECT; ENVIRONMENTAL IMPROVEMENTS TO RENEWABLE POWER SOURCE

The Federal Energy Regulatory Commission today approved a new license for the 2,755-megawatt Niagara Hydroelectric Project on the Niagara River in New York, ensuring that a valuable source of low-cost power for the region will continue operating with improved environmental protections and recreational benefits. New license conditions also will protect and enhance fish and wildlife, water quality, recreational resources and historic properties.

As part of today's decision, the Commission approved a settlement agreement resolving all issues among the settling parties associated with the relicensing proceeding.

"Today's action is a win-win for customers in New York, the region and the nation. The Niagara Project provides a reliable source of low-cost energy, and the provisions we accept today ensure improved environmental protections. I congratulate the parties on reaching a settlement in this proceeding. This is a good example of how such agreements can benefit everyone," Chairman Joseph T. Kelliher commented.

The license includes an agreement, consistent with the Niagara Redevelopment Act of 1957, which addresses allocation of the project's power. The Niagara Redevelopment Act authorized the Commission to issue a license for the Niagara Project, and requires the licensee, the New York Power Authority, to "make at least 50 percent of the project power available to public bodies and non-profit cooperatives to ensure that the power is sold to consumers at the lowest rates possible (referred to as "preference power")."

Further, the Niagara Redevelopment Act requires that a "reasonable portion (up to 20 percent) of the power that could be allocated as preference power be made available for use within neighboring states." The allocation agreement specifies these requirements as well as the states: Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont.

Additional items approved in the settlement agreement and included in the license include:

- eight habitat improvement projects in the vicinity of the project;
- fish and wildlife habitat enhancement and restoration;
- an ecological committee to facilitate implementation of habitat enhancements;
- public access and recreational improvements;
- a land management plan that includes policies and guidelines for road maintenance issues, vegetation management, invasive species control, nuisance wildlife, use of project lands, aesthetic enhancements and a customary use plan for the people of the Tuscarora Nation; and
- improvements to the Niagara Water Board's Falls Street Tunnel to minimize groundwater seepage into the tunnel in the project area.

The effective date of the license is September 1, 2007, the date the current license expires.

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