

RETURN RENTED
 UNDER THE TERMS
 AGREEMENT MAY
 BE UNDERSIGNED
 TO CRIMINAL
 PROSECUTION.



True Value

TIME OUT: _____

TIME IN: _____

RENTER'S SIGNATURE

MAILING ADDRESS - P O BOX 433 - PENN YAN
 If items returned unclean, an additional charge will be added.

| NO. | JOB NO. | PURCHASE ORDER NO. | REFERENCE | TERMS | CLERK | DATE | TIME |
|--------|---------|--------------------|-----------|----------|-------|----------|-------|
| 103374 | | | | NET 15TH | | 11/13/02 | 11:55 |

PY MUNICIPAL BOARD
 5 MAIDEN LANE

DEPT. OF ENVIRONMENTAL CONSERVATION
 14527

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DOC# 133175

* INVOICE *

DRIVER'S LICENSE:
 STATE: _____ NUMBER: _____

AUTO LICENSE: _____

TAX : YAT YOTGB COUNTY - NEW YD

| QUANTITY | | UM | SKU | DESCRIPTION | UNITS | PRICE/PER | EXTENSION |
|----------|---------|----|---------|--|-------|-----------|-----------|
| SHIPPED | ORDERED | | | | | | |
| 1 | | EA | R349103 | 67 GAL Tank Sprayer | 1 | 19.99 /EA | 19.99 #W |
| | | | | <i>Elmer Gates</i> <i>Gates</i> <i>EW8332-43</i> | | | |

have been instructed in the safe and proper use of the above equipment.

Richard J. [Signature]
 PURCHASER'S SIGNATURE

** AMOUNT CHARGED TO STORE ACCOUNT **

19.99 TAXABLE 0.00

NON-TAXABLE 19.99

SUBTOTAL 19.99

TAX AMOUNT 0.00



John L. Buono
Chairman

New York State Thruway Authority
New York State Canal Corporation

P.O. Box 308, East Syracuse, NY 13057-0308

www.thruway.state.ny.us



John R. Platt
Executive Director
TDD/TTY 1-800-253-6244

December 24, 2002

Mr. Scott D. Goodwin
American Energy Inc.
Seneca Falls Power Corporation
1233 Alpine Road
Walnut Creek, CA 94596

RE: Current Seneca Lake Levels

Dear Mr. Goodwin:

The New York State Canal Corporation (NYSCC) is concerned with Seneca Falls Power Corporation's (SFPC) apparent reluctance to maintain Seneca Lake levels within the specified regulation curve.

Currently, Seneca Lake is at 445.55 Barge Canal Datum (BCD), which is 0.25 feet above the top of the winter regulation curve. I have asked Michael Jesmer, your local operator, to increase the discharge from Seneca Lake until the lake level falls within the specified regulation curve of 444.7 BCD to 445.3 BCD.

Mr. Jesmer has stated that the current schedule is to discharge through the hydroelectric units from 7AM to 7PM, during the peak hours of revenue generation. At present, SFPC is discharging 1,400 cubic feet per second (cfs) during these hours, which equates to approximately 700 cfs for a 24-hour period.

SFPC has requested that the NYSCC open their bypass gate and discharge 500 cfs during the 12-hour period that SFPC is generating. This increases the 24-hour discharge average to 950 cfs and also draws debris away from your trash racks thereby reducing SFPC's manpower expended to keep them clean.

The Keuka Lake Outlet Compact (KLOC) is attempting to lower Keuka Lake levels and is discharging 320 cfs into Seneca Lake to keep water levels within their specified regulation curves. This amount subtracted from the current discharge from Seneca Lake results in a net outflow of 630 cfs.

Barring no other sources of inflow, i.e. streams (which is a poor assumption), the current discharge would theoretically lower the lake approximately 0.03 feet per day. Mr. Jesmer indicates that SFPC will be shutting down all discharge on 12/25, 12/28, 12/29, 1/1, 1/4, and 1/5. Assuming that there will be no changes to

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inflow, it will be roughly January 7, 2003 before the Seneca Lake levels are lowered enough to reach the top of the regulation curve at 445.3 BCD. Normal inflow will greatly increase this drawdown period.

Article 405 of your Federal Energy Regulatory Commission (FERC) license states: "The Licensee shall act at all times to maintain the impoundment water surface elevations, as measured immediately upstream of each project dam, as follows: Maintain the Seneca Lake impoundment within 0.1 foot of the seasonal target elevations of 446.0 feet BCD during the summer and at 445.0 feet during the winter". Article 405 further states: "The Seneca Falls Power Corporation (SFPC) may vary from the recommended water level management regime due to circumstances beyond the control of SFPC (emergency conditions) and for short periods of time upon mutual agreement with the NYS Thruway Authority (NYSTA) and the NYS Department of Environmental Conservation."

The NYSTA/NYSCC has received no notification of emergency conditions and has not agreed to any variances from the recommended water level management. The NYSTA/NYSCC therefore strongly recommends that SFPC comply with Article 405 of its FERC license and maintain the water levels as so indicated and agreed to.

We look forward to your cooperation in this matter. Should you have any questions please reply to the address listed in the masthead.

Respectfully,



Robert M. Heuschneider
Office of Canals

RH:LS

cc: H. Goebel, NYSCC
W. Weber, KLOC
M. Balyszak, SLPWA
A. Sidoti, FERC