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**Date:** 9/28/07 4:02PM  
**Subject:** Forestport Diversion

A determination has been made to release a portion of the water stored in the Canal Corporation, "Northern Reservoirs", consisting of South Lake, North Lake, Woodhull Lake, Sand Lake, and Alder Creek Reservoirs and convey such water through the Forestport Feeder Canal into Delta Reservoir where it can be then utilized to meet Canal Corporation needs while minimizing the net impact on Delta Reservoir levels. This is required in light of the persistent drought conditions in the Mohawk Valley coupled with the significant reduction in the release of water from Hinckley Reservoir pursuant to the Oneida County State of Emergency declared on September 26, 2007 regarding the Mohawk Valley Water Authority's water supply.

Algonquin's assistance is needed to maximize, to the extent practical, the methodical conveyance of this water through the Forestport Reservoir (FERC P-4900) and Kayuta Reservoir (FERC P-5000) projects into the Forestport Feeder while maintaining prescribed downstream releases. Both the Forestport and Kayuta Reservoir Licenses (as well as both Hydropower Easements with the New York State Department of Transportation - Articles 7 in the Forestport agreement and Article 8 in the Kayuta Lake agreement) require the flow releases to be modified as necessary to ensure continued operation of the Canal System. Therefore, the Canal Corporation requests Algonquin's assistance with conveying water for Canal purposes.

The New York State Department of Environmental Conservation has agreed to use the USGS Gage Black River at Booneville (USGS 04252500) to verify minimum downstream flows in the Black River. A minimum flow of 100 cfs at this gage was agreed to by all parties while the Northern Reservoirs are utilized.

The Canal Corporation appreciates the Department's and Algonquin's willingness to work with the Canal Corporation during this unusual situation. The specific schedule to activate the above-referenced plan remains uncertain; however, we will continue to coordinate activities between the parties as the process unfolds.

When the water conditions improve, the Canal Corporation will work to expedite restoration of normal operating conditions. Please let us know if you have any questions.

New York State Canal Corporation

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