



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Sale of Firm Preservation Power

Service Tariff No. 10

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Schedule of Rates for Firm Power Service

I. Applicability

To sales of Preservation Power (as defined below) directly to Customer (as defined below) for firm power service.

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kW-mo.	kilowatt-month
kWh	kilowatt-hour(s)
MWh	megawatt-hour(s)
NYP&A	New York Power Authority
NYISO	New York Independent System Operator
NY PAL	New York Public Authorities Law

B. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term "Firm Power" means capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the applicable Sales Agreement(s) between Authority and Preservation Power Customer. Firm Power shall not include peaking power.

D. The term "Firm Energy" means energy (kWh) associated with Firm Power.

E. The term "Preservation Power Customer" or "Customer" means a business customer who has received a Preservation Power allocation from the Authority and who purchases Preservation Power directly from Authority.

F. The term "Preservation Power" means Project Firm Power and Project Firm Energy made available by Authority to Customers for business purposes pursuant to section 1005 (13) of the NY PAL.

G. The term "Project" means the Authority's St. Lawrence-FDR Power Project, FERC Project No. 2000.

H. The term "Rate Year" means July 1 through June 30 of any year in which Customer and Authority are parties to a Sales Agreement.

- I. The term "Sales Agreement" means an executed Agreement for the Sale of Preservation Power and Energy between Authority and Customer.
- J. The term "Service Tariff" means this Service Tariff No. 10.

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly base rates for demand and energy paid by Customer to Authority shall be:

Rate Year	Demand Charge \$/kW-mo.	Energy Charge Mills/kWh
July 1, 2008 through June 30, 2009	5.17	8.84
July 1, 2009 through June 30, 2010	5.56	9.78
July 1, 2010 through June 30, 2011	5.97	10.82
July 1, 2011 through June 30, 2012	6.42	11.97
July 1, 2012 through June 30, 2013	6.90	13.24
July 1, 2013 through June 30, 2014	7.41	14.65

The monthly base rates set forth above exclude any applicable costs for delivery services provided by the local utility. Beginning with the Rate Year starting July 1, 2014, and for each Rate Year thereafter, such rates shall be subject to an Annual Adjustment Factor set forth in Section V herein.

B. Minimum Monthly Charge

The minimum monthly charge shall equal the product of the demand charge set forth above and the Contract Demand (defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges, Taxes or Other Third-Party Charges (each as defined herein) incurred by Authority with respect to the Customer's allocation.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month but subject to the billing cycle requirements of the local utility in whose service territory the Customer's facilities are located.

D. Billing Demand

The billing demand shall be determined by applying the billing methodology as agreed to in the Sales Agreement to total meter readings during the billing period.

E. Billing Energy

The billing energy shall be determined by applying the billing methodology as agreed to in the Sales Agreement to total meter readings during the billing period.

F. Contract Demand

The Contract Demand of each Preservation Power Customer will be the amount of Preservation Power allocated to such Customer by the Authority for which the Customer agrees to take and pay. The minimum Contract Demand for any Preservation Power allocation shall be 100 kW.

G. NYISO Transmission and Related Charges ("NYISO Charges")

The Preservation Power Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the New York Independent System Operator, Inc. ("NYISO") or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time):

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and

6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law, regardless of whether such charges are assessed by the NYISO or another third party.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

H. Substitute Energy

The Preservation Power Customer shall pay for Substitute Energy, if applicable, as specified in the Sales Agreement.

I. Payment Information

Bills computed under Service Tariff No. 10 are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill and adjustments, if necessary, will be made thereafter.

J. Customer Resales Prohibited

No Customer shall be permitted to resell any quantity of Preservation Power it has purchased from the Authority.

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. The Authority shall provide to Customer in any billing period Firm Energy associated with Firm Power subject to hydrologic conditions set forth in subsection 2, below. The offer of Firm Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Firm Energy is taken by Customer.
2. The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Customer if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority's Niagara and St. Lawrence-FDR hydroelectric generating stations. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to Customer in later billing periods.

C. Delivery

For the purpose of this Service Tariff, Power and/or Energy shall be deemed to be offered when Authority is able to supply Power and Energy and NYISO transmits it to its designated points of interconnection with Customer's Transmission Agent(s). If, despite such offer, there is a failure of delivery by Customer or Designated Entities' Transmission Agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Load Splitter Determination

The load splitter determination, if any, to be applied to render bills to the Customer related to its Preservation Power allocation shall be determined in accordance with the Sales Agreement. In order for any load splitter determination to become effective, the utility in whose service area the Customer's Preservation Power allocation is delivered must provide its consent.

E. Billing Methodology

The billing methodology to be used to render bills to Customer related to its Preservation Power allocation shall be determined in accordance with the Sales Agreement.

F. Adjustment of Charges

1. Distribution Losses

Where Customer purchases power directly from Authority, where applicable, appropriate adjustments will be made to compensate for distribution losses.

2. Authority Transmission Charge

The Customer shall compensate the Authority for all transmission costs incurred by the Authority with respect to the allocation, including such costs that are charged pursuant to the NYISO Open Access Transmission Tariff ("OATT").

3. Taxes

The Preservation Power Customer shall compensate the Authority for any taxes, assessments or any other charges (collectively "Taxes") that are incurred by Authority with respect to the Customer's allocation. Taxes shall be any adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from Customer if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

4. Other Third-Party Charges

The Preservation Power Customer shall compensate the Authority for any costs imposed upon Authority with respect to an allocation of Preservation Power, including without limitation, to comply with any law or regulation applicable in New York State related to energy efficiency, renewable portfolio standards or carbon emissions.

5. Deposits

Authority may require Customer to pay a cash deposit at any time to Authority equal to at least one month's estimated bill which shall be deemed security for the payment on unpaid bills or other claims. Any such cash deposits will be subject to the specific provisions set forth in the Customer's Sales Agreement with the Authority.

G. Rules and Regulations

The Authority's rules and regulations (16 NYCRR §450 *et seq.*) shall apply to the service provided under this Service Tariff. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the rules and regulations, the provisions of this Service Tariff shall govern.

V. Annual Adjustment Factor

A. Adjustment of Rates

1. The Annual Adjustment Factor will be based upon a weighted average of three indices described below. For each new Rate Year, the index value for the latest available calendar year ("Index Value for the Measuring Year") will be compared to the index value for the calendar year immediately preceding the latest available calendar year (the Index Value for the Measuring Year -1"). The change for each index will then be multiplied by the indicated weights. As described in detail below, these products are then summed, producing the Annual Adjustment Factor. The Annual Adjustment Factor will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year, subject to a maximum adjustment of +/-2.2%.

Index 1, "BLS Industrial Power Price" (35% weight): The average of the monthly Producer Price Index for Industrial Electric Power, commodity code number 0543, not seasonally adjusted, as reported by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS") electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 1, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

Index 2, "EIA Average Industrial Power Price" (40% weight): The average weighted annual revenue per kWh for electric sales to the industrial sector in the ten states of CT, MA, ME, NH, NJ, NY, OH, PA, RI and VT ("Selected States") as reported by Coal and Electric Data and Renewables Division; Office of Coal, Nuclear, Electric and Alternate Fuels; Energy Information Administration ("EIA"); U.S. Department of Energy Form EIA-861 Final Data File. For Index 2, the Index Value for the Measuring Year will be the index for the calendar year two years preceding July 1 of the new Rate Year.

Index 3, "BLS Industrial Commodities Price Less Fuel" (25% weight): The monthly average of the Producer Price Index for Industrial Commodities less fuel, commodity code number 03T15M05, not seasonally adjusted, as reported by the U.S. Department of Labor, BLS electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 3, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

2. Annual Adjustment Computation Guide

- Step 1: For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.
- Step 2: Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the Annual Adjustment Factor.
- Step 3: Multiply the current Rate Year base rate by the Annual Adjustment Factor calculated in Step 2 to determine the adjusted base rate.
- Step 4: Determine if the adjusted base rate is within +/- 2.2% of the current Rate Year base rate. Apply the maximum adjustment as appropriate to determine the new Rate Year base rate.

The foregoing calculation shall be performed by Authority consistent with the sample presented in Section B below.

3. Authority shall provide Customer with notice of any adjustment to the current base rate per the above and with all data and calculations necessary to compute such adjustment by June 15th of each year to be effective on July 1 of such year, commencing in 2014. The values of the latest officially published (electronically or otherwise) versions of the indices and data provided by the BLS and EIA as of June 1 shall be used notwithstanding any subsequent revisions to the indices.
4. If during the term of the Agreement any of the three above indices ceases to be available or ceases to be reflective of the relevant factors or of changes which the indices were intended by the Parties to reflect, Customer and Authority shall mutually select a substitute Index. The Parties agree to mutually select substitute indices within 90 days, once notified by the other party that the indices are no longer available or no longer reflect the relevant factors or changes with the indices were intended by the Parties to reflect. Should the 90-day period cover a planned July 1 rate change, the current base rates will remain in effect until substitute indices are selected and the adjusted rates based on the substitute indices will be retroactive to the previous July 1. If unable to reach agreement on substitute indices within the 90-day period, the Parties agree to substitute the mathematic average of the PPI—Intermediate Materials, Supplies and Components (BLS Series ID WPUSOP2000) and the PPI-- Finished Goods (BLS Series ID WPUSOP3000) indices for one or more indices that have ceased to be available and shall assume the percentage weighting(s) of the one or more discontinued indices as indicated in this subsection V.A.1.

B. Sample Computation of the Adjustment Factor (hypothetical values for July 1, 2014 implementation)

STEP 1

Determine the Index Value for the Measuring Year and Measuring Year – 1 for Each Index

- Index 1 - Producer Price Index, Industrial Power

	Measuring Year <u>(2013)</u>	Measuring Year - 1 <u>(2012)</u>
January	171.2	167.8
February	172.8	167.6
March	171.6	168.2
April	173.8	168.6
May	175.1	171.6
June	185.7	180.1
July	186.4	182.7
August	184.7	179.2
September	185.5	181.8
October	175.5	170.2
November	172.2	168.8
December	171.8	166.6
Average	177.2	172.8
Ratio of MY/MY-1		1.03

- Index 2 – EIA Industrial Rate

<u>State</u>	<u>Revenues</u> (\$000s)	<u>Sales</u> (mWh)	<u>Avg. Rate</u> (cents/kWh)
<u>Measuring Year (2012)</u>			
CT	590,972	6,814,757	
MA	1,109,723	13,053,806	
ME	328,594	4,896,176	
NH	304,363	2,874,495	
NJ	1,412,665	15,687,873	
NY	2,001,588	26,379,314	
OH	3,695,978	78,496,166	
PA	3,682,192	63,413,968	
RI	152,533	1,652,593	
VT	<u>155,903</u>	<u>2,173,679</u>	
TOTAL	13,434,511	215,442,827	6.24
<u>Measuring Year -1 (2011)</u>			
CT	579,153	6,678,462	
MA	1,076,431	12,662,192	
ME	310,521	4,626,886	
NH	298,276	2,817,005	
NJ	1,370,285	15,217,237	
NY	1,891,501	24,928,452	
OH	3,622,058	76,926,243	
PA	3,571,726	61,511,549	
RI	144,144	1,561,700	
VT	<u>152,785</u>	<u>2,130,205</u>	
TOTAL	13,016,880	209,059,931	6.23
	Ratio of MY/MY-1		1.00

- Index 3 – Producer Price Index, Industrial Commodities Less Fuel

	Measuring Year <u>(2013)</u>	Measuring Year -1 <u>(2012)</u>
January	190.1	187.2
February	190.9	188.0
March	191.6	188.7
April	192.8	189.9
May	194.7	191.8
June	195.2	192.3
July	195.5	192.3
August	196.0	193.1
September	196.1	193.2
October	196.2	193.8
November	196.6	193.7
December	196.7	194.0
Average	194.4	191.5
Ratio of MY/MY-1		1.02

STEP 2

Determine Annual Adjustment Factor by Summing the Weighted Indices

<u>Index</u>	<u>Ratio of MY to MY-1</u>	<u>Weight</u>	<u>Weighted Factors</u>
PPI Industrial Power	1.03	0.35	0.361
EIA Industrial Rate	1.00	0.40	0.400
PPI Industrial Commodities less fuel	1.02	0.25	<u>0.255</u>
Annual Adjustment Factor			1.016

STEP 3

Apply Annual Adjustment Factor to Calculate Adjusted Base Rate

	<u>Demand</u> \$/kw	<u>Energy</u> Mills/kWh
Current Rate Year base rate	7.41	14.65
Adjusted base rate	7.53	14.88

STEP 4

Apply Cap of +/- 2.2% to Determine Rate Year Base Rate

	<u>Demand</u> \$/kw	<u>Energy</u> Mills/kWh
Current Rate Year base rate, -2.2%	7.25	14.33
Current Rate Year base rate, +2.2%	7.57	14.97
Rate Year Base Rate	7.53	14.88