



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

Electric Service Tariff for Partial Requirements
Municipal and Rural Electric Cooperative Systems
Firm and Peaking Hydroelectric Wholesale Power Service

Service Tariff No. 39A

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James H. Yates, Senior Vice President
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To be completed with final version

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Schedule of Rates for Firm and Peaking Hydroelectric Wholesale Power and Energy Service

I. Applicability

To sale of Niagara Hydroelectric Project firm and Peaking wholesale power and energy (as defined below) to partial requirements Municipal and Rural Electric Cooperative Systems (as defined below) in New York State.

II. Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

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 "Contract" means an executed contract for the Sale of Firm Hydroelectric Wholesale Power and Energy between Authority and Customer.

D. The term "Customer" means the any of the partial requirements Municipal and Rural Electric Cooperative systems located within the State of New York identified as a counter-party in a Contract with Authority.

E. The term "Firm Hydroelectric Wholesale Power" means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Contract(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

F. The term "Firm Hydroelectric Wholesale Energy" means energy (kWh) associated with Firm Hydroelectric Wholesale Power.

G. The term "Firm Hydroelectric Peaking Power" means additional capacity (kW) from Project supplied at 12.5% monthly load factor.

H. The term "Firm Hydroelectric Peaking Energy" means energy (kWh) associated with Firm Hydroelectric Peaking Power.

- I. The term "partial requirements" as used in this Service Tariff to describe Customer, means that the Customer purchases all of power and energy requirements from Authority except for its incremental power and energy needs.
- J. The term "Municipal and Rural Electric Cooperative Systems" means an independent electrical distribution systems located in New York State eligible to be served by Authority.
- K. The term "Project" means the Authority's Niagara Hydroelectric Project.
- L. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.
- M. The term "Service Tariff" means this Service Tariff No. 39A.
- N. The term "Transmission/Distribution Agent" means any entity, generally a transmission or distribution-owning utility, that delivers Authority firm or peaking power and energy for Authority on behalf of Customer.

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III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly demand and energy charges paid by Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Period</u>	<u>Demand Rate</u> \$/kW-month of billing demand	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	2.96	4.92

The demand and energy rates set forth above will apply at the Project switchyard and the energy rate shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation (FAC) described in Section V.

B. Minimum Monthly Demand Charge

The product of the demand rate set forth above and the billing demand.

C. Minimum Monthly Energy Charge

The product of the energy rate set forth above and the amount of energy allocated under this Service Tariff.

D. Contract Demand

The maximum amount of hydroelectric kilowatts contracted for in the application for electric service, as such amount may be modified from time to time pursuant to the terms of the Contract, as measured at Authority's generating station switchyards.

E. Billing Demand

The billing demand shall be the lesser of (a) the hydroelectric contract demand, or (b) Customer's highest 30-minute integrated demand measured during the billing period, adjusted for losses.

F. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

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

If assessed on Authority on behalf of Customer, the Customer shall compensate the Authority for the following NYISO Charges for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe 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.

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The NYISO Charges in this section G, if any are incurred by NYPA on behalf of Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff. Any conflicts between this Service Tariff and the Contract (including any amendments or settlements between Customer and Authority)

with respect to any components of the NYISO Charges listed above shall be resolved in favor of the Contract.

H. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority 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 its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

IV. General Provisions

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase or as may be required by Customer.

B. Allocation of Energy

1. For Firm Service

The kilowatt-hours allocated to Customer under this Service Tariff during a billing period shall be the amount scheduled for the billing period up to a maximum of the product of (a) the billing demand, (b) the number of hours in the billing period and (c) the Customer's system load factor for the corresponding billing period in the previous year.

2. For Firm Peaking Service

Authority shall normally supply Firm Hydroelectric Peaking Power & Energy to Customer at 12.5 percent (12.5%) monthly load factor. In the event that hydraulic conditions at Authority's hydroelectric generating stations require the Authority to reduce the amount of Firm Hydroelectric Peaking Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions shall be applied to all Customers served under this Service Tariff in proportion to their relative allocations of Firm Hydroelectric Peaking Power and Energy.

The offer of Firm Hydroelectric Peaking Power and Energy for delivery shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Peaking Energy is taken by Customer.

C. Energy Scheduling

Subject to the provisions of Authority Partial Requirement Scheduling and Dispatch Procedures ("the Procedures") which may be modified by the Authority from time to time upon thirty(30) days' prior written notice, Customer may schedule during billing period an amount of energy equaling up to the product of (a) the Hydroelectric contract demand, (b) the number of hours in

the billing period and (c) Customer's system load factor for the corresponding billing period in the previous year. Customer reserves the right to challenge any modification of the Procedures by the Authority.

Customer will use Good Utility Practices (as defined in section D herein) to ensure that it does not schedule in any hour more energy than the lesser of Customer's load in such hour, adjusted for losses, or the Customer's Hydroelectric contract demand. Over the course of a billing period, Customer will use Good Utility Practices to ensure that it does not schedule more energy than the lesser of the Customers total monthly energy requirements, adjusted for losses, or the Customer's energy entitlement for the billing period as determined in the foregoing Section IV,B entitled "Allocation of Energy".

In the event that the amount of energy scheduled by Customer in any hour during the billing period exceeds the "highest 30-minute integrated demand" referenced in the foregoing Section III-E entitled "Billing Demand", then for purposes of computing the billing demand, the highest hourly schedule submitted by Customer for the billing period shall be deemed to be the highest 30-minute integrated demand measured during the billing period, adjusted for losses. Over-scheduled energy shall be reconciled in accordance with the Procedures.

D. Good Utility Practices

For the purposes of this Service Tariff, "Good Utility Practices" shall mean any of the practices, methods and acts engaged in or accepted by the NYISO or its successor, the Northeast Power Coordinating Council ("NPCC") and a significant portion of the electric utility industry ("Industry") at the time the decision was made, which would have been expected to accomplish the desired result at a reasonable cost given the circumstances, consistent with the NYISO's the NPCC's and the Industry's standards and practices for economy, reliability, safety and expedition with due regard for the protection of the environment. Good Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather to a spectrum of possible practices, methods or acts engaged in or accepted by the NYISO, NPCC and Industry at the time the

decision was made. Should there be conflicts between the practices, methods and acts of the NYISO and NPCC versus the Industry, the NYISO NPCC standards and practices shall prevail.

E. Payment by Customer for Firm and Peaking Hydroelectric Power and Energy

Bills computed under this Service Tariff 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 in full. If necessary, any adjustments will be made thereafter.

F. Rules and Regulations

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

V. Flow Adjustment Computation ("FAC")

The energy charges under this Service Tariff and the applicable Service Tariffs associated with the St. Lawrence Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

The FAC is inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project power and energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).

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