



New York Power Authority

Preliminary Staff Report

Hydroelectric Production Rates

Rate Modification Plan – 2009 and 2010 Rate Years

Including:

Cost-of-Service

January 2009

Table of Contents	Page
Executive Summary	1
Discussion	2
Cost of Service Components	3-6
Rate Design	6
Rate Stabilization Reserve (RSR)	8
Final Staff Report	8
Exhibit A - Production Cost of Service	
Exhibit B – Estimated Average Annual Customer Impacts	
Exhibit C - Capital Cost Summary	
Table 1 - Embedded Costs For Ancillary Services	
Table 2 - Embedded Costs For Voltage Support	
Table 3 - Embedded Costs For Black Start	
Table 4 - Embedded Cost For Regulation	
Table 5 - Embedded Costs for Operating Reserve	

**New York Power Authority
2009 Preliminary Staff Report**

Executive Summary

At the April 2007 meeting, the Trustees approved a two-year (2007 and 2008 rate year) rate plan applicable to the Authority's preference power customers. The final rate year under this plan terminates on April 30, 2009. The current rates in effect consist of a demand charge of \$2.96/kW and an energy charge of \$4.92/MWh. At an assumed load factor of 70% these rates equal \$10.71/MWh, which compares favorably with the \$59.38/MWh average hourly market rate for 2008 in the western New York zone.

Staff is proposing a two-year rate plan for the 2009 and 2010 rate years covering the periods May 1, 2009 to April 30, 2010 and May 1, 2010 to April 30, 2011, respectively. A preliminary Cost of Service ("CoS") has been completed to determine the adequacy of the current rates. This analysis has resulted in a projected increase in hydroelectric rates of 8.2% and 3.9% for the 2009 and 2010 rate years, respectively. The main cost drivers responsible for the increase are: (1) relicensing expenditures at Niagara and St. Lawrence; (2) a nearly 8.0% increase in the Handy-Whitman Index between 2006 and 2007 (compared with an average annual increase of about 2.5% per year for the previous ten years; (3) a 1.5% reduction in forecasted billing demand in 2009 compared with the forecasted 2008 billing demand from the prior rate action; and, (4) the life extension and modernization ("LEM") for the St. Lawrence-FDR Hydroelectric Project. The LEM program at the St. Lawrence Project, which began in 1998, is expected to be completed in 2013. This program is currently budgeted at \$281 million; as of November 30, 2008 \$175 million had been spent.

The proposed rate plan incorporates continuation of the ratemaking and CoS methodologies adopted in the April 2003 final rate action approved by the Trustees and agreed to by the preference power customers as part of the "global" settlement agreements.

Discussion

The attached preliminary CoS sets forth in detail the estimated costs required to serve the Rural & Domestic (“R&D”) customers from the Authority’s St. Lawrence and Niagara Projects. The R&D customer class consists of residential customers of three upstate Investor-Owned Utilities, 47 municipal electric systems and four rural electric cooperatives (“M&C” customers), and Neighboring State customers.

Ratemaking methodologies incorporated in this CoS were adopted in the April 2003 final rate action approved by the Trustees and agreed to by preference power customers who were active parties to the 2003 rate proceeding as part of the “global” settlement agreements. These methodologies and principles include:

- (a) The labor/labor method adopted by NYPA’s Trustees on December 18, 2001 and incorporated into the January 2003 Report on Hydroelectric Production Rates for the allocation of Indirect Overheads (“Report”).
- (b) A capital cost recovery method as described in the Report reflecting the equity investment in and new debt issued on the Hydro Projects.
- (c) Melding of Niagara and St. Lawrence Project costs for ratemaking purposes.
- (d) Recovery in rates of all prudent Hydro Project relicensing, life extension and modernization costs incurred by NYPA in the exercise of its broad discretion.
- (e) Amortization over 20 years by NYPA of its actuarial estimate of its Other Postemployment Benefits (“OPEBs”) liability as described in its January 2003 Report (as PBOPs) on Hydroelectric Production Rates.
- (f) Use of the Rate Stabilization Reserve for any under- or over-collection of NYPA’s hydroelectric CoS. The RSR calculations will be done in a manner consistent with the 2003 Hydroelectric CoS study.

(g) NYPA will continue to credit the cost-based revenues from hydro energy sales in the Hydroelectric CoS in the same manner as in the 2003 Hydroelectric CoS study. The credit will be based on the Systems' tariff energy charge, as it changes from time to time.

Cost of Service Components

The major categories and significant drivers of the proposed rate action are summarized below. The CoS is detailed in the attached Exhibits "A" and "C" and Tables 1 to 5. Exhibit "B" shows estimated average annual customer impacts of the proposed rate modification plan.

Operations & Maintenance (O&M) / Administrative & General (A&G) Expenses

Operations & Maintenance/A&G (Exhibit "A", Page 1 Lines 1-3) - The site and direct O&M as well as the A&G expenses for the Hydro Projects which include the day-to-day operations of the projects and ongoing expenses associated with major maintenance programs and non-capital modifications. Added to the O&M – for ratemaking purposes only – Exhibit "A", Page 1 Line 2 is the amortization of the \$51.3 million of Niagara roadwork incurred from 1991 to 1996. Each year's expense was amortized over 15 years. These expenses will continue to decline from 2009 to 2011, the last year for recovery of these costs.

Also included in the Operations & Maintenance/A&G category of the CoS are payments reflecting the Authority's assumption of responsibility for operations at the New York State Robert Moses and Coles Creek Parks.

The Authority developed Robert Moses and Coles Creek State Parks as part of the St. Lawrence Project, and through a series of agreements assigned operation and maintenance responsibilities for these parks to the New York State Office of Parks, Recreation and Historic Preservation (OPRHP). The October 23, 2003 Federal Energy Regulatory Commission ("FERC") license incorporates these facilities as project recreational facilities and, under the terms of the license, the Authority has the ultimate responsibility to fund the operation and maintenance costs of both

parks. Approximately half of the total \$800,000 annual cost for these facilities is recovered from the preference rate customers each year.

Indirect Overheads

Indirect Overheads (Exhibit “A”, Page 1 Lines 5-8) consists of Shared Services, the allocated share of headquarters costs associated with providing support for the St. Lawrence and Niagara Projects based on labor ratios consistent with the methodology adopted in the April 2003 final rate action; the cost of Research & Development initiatives; and debt service associated with the Y2K readiness program. Included in the CoS is 43% of the total projected Shared Services for the 2009 and 2010 rate years.

St. Lawrence & Niagara Relicensing

Included in current rates are certain relicensing costs related to the Niagara and St. Lawrence Projects (Exhibit “A”, Page 1 Lines 10-11). At their meeting of November 25, 2003, the Trustees formally accepted the new license issued for the St. Lawrence Project by the FERC. The total cost of compliance and implementing the provisions of a new license and associated settlement agreements was estimated to be \$210 million including relicensing process costs, the expenses associated with relicensing studies, support for settlement discussions and the public outreach. Of this amount, \$173.2 million is capitalized and will be recovered over the 50-year term of the new license and will be included in the rate base in each year the funds are disbursed. Part of the compliance cost is a \$2 million annual payment to local communities, as shown as an expense in Exhibit “A” (page 1, line 10).

At their meeting of May 22, 2007, the Trustees formally accepted the new license issued for the Niagara Project by the FERC. The costs of a new license and the associated settlement agreements are estimated to be approximately \$494 million dollars, of which some \$182 million is capitalized and recovered over the 50-year term of the new license and will be included in the rate base in each year the funds are disbursed. As part of the relicensing, the Authority is committed to providing grants of \$18.5 million/year to the surrounding communities. Of the

\$18.5 million annual amount, \$12 million will be drawn from the Authority's Operating Fund and is shown as an expense in Exhibit "A" (page 1, line 11). The remaining \$6.5 million will be funded through the monetization of 29 MW of Niagara Project power.

Other Postemployment Benefits ("OPEBs")

The existing rates reflect accrual treatment of OPEBs (referred to as PBOPs, Post Retirement Benefits Other than Pensions, in the April 2003 CoS), which mainly include retiree health benefit costs (Exhibit "A", Page 1 Line 12). Prior to the current ratemaking methodology the plan costs were treated on a cash basis. In anticipation of a change in accounting standards, the Authority switched to accrual accounting in 2002. The liability has been updated since then. The revised charge has resulted in a decrease from the projected 2008 level of \$13.6 million to \$7.7 million and \$8.0 million for 2009 and 2010, respectively, primarily due to the Authority funding an independent trust to partially meet the OPEB obligation. (See Exhibit "A", Page 1, line 12).

Capital Costs

Since the retirement in 1981 of the original bonds issued to fund the Hydro Projects, cash (or "equity") funding was used to finance plant additions (Exhibit "A", Page 1 Lines 14-16). With the increased capital investments in the Hydro Projects related to plant modernization, upgrades and relicensing, beginning in 2000 the Authority has issued new debt associated with these facilities. As in past rate formulations, equity-type funding will be recovered using Trended Original Cost ("TOC"). Under TOC only the inflation component or return "of" the investments is captured. The return "on" the investment is foregone. The total capital costs, including both debt- and equity-funded investments, are \$93.8 million and \$98.6 million for 2009 and 2010, respectively. (See Exhibit "A", Page 1, line 17.). As noted above, these costs include the capital cost of the St. Lawrence-FDR and Niagara relicensing. In the April 2003 final rate action the Trustees adopted a "hybrid" approach to capital cost recovery, reflecting the use of the TOC method for that portion of the Hydro Projects' capital cost funded with equity and the more conventional debt-service method that applies to the portion funded with debt. This hybrid method, developed by The Brattle Group in 2003, is used in the CoS here.

Also included in this category of cost is the St. Lawrence & Niagara relicensing expense funded with debt.

Credits For Ancillary Services

The proposed hydroelectric rates exclude certain O&M and Capital costs associated with the production of ancillary services at the Hydro Projects, namely Regulation Service, Operating Reserves, Voltage Support and Black Start Service (Exhibit “A”, Page 2 Lines 3-13). These services are sold to the New York Independent System Operator. Consistent with the ratemaking methodologies adopted in the April 2003 final rate action, the Authority has included a reduction in the CoS that represents the embedded costs of producing these services. The results of applying these methodologies to develop the 2009-10 cost-based credits are shown in Exhibit “A” (Page 2, line 13). Tables 1-5 include the detailed data supporting the estimated credits. The 2009-10 credits to the CoS are about \$14.0 million and \$14.4 million, respectively.

Rate Design

From the inception of the Hydro Project preference rates in 1958 through April 30, 2003, the demand charge was held constant at \$1.00/kW. All costs above those captured by the \$1.00/kW demand charge were recovered in the energy rate. Because the majority of the costs identified in the CoS do not vary with the energy production from the Hydro Projects, but are in the nature of fixed costs, it was determined in the April 2003 final rate action approved by the Trustees that the increased revenue requirement should be collected in the hydroelectric demand (or “fixed”) charge. The demand charge was increased for the rate year beginning May 2003, and each year thereafter, while the energy rate was held constant at \$4.92/MWh. Currently, for the last year of the plan, May 1, 2008 to April 30, 2009, the demand charge is \$2.96/kW. It is proposed that this rate design policy be continued for the 2009-10 periods, and that costs not collected in the current \$4.92/MWh energy charge be recovered through the demand charge. (See Exhibit “A” Page 2, line 17.)

As discussed in the January 2003 Hydroelectric Rates Report (which was utilized in the April 2003 final rate action approved by the Trustees), the cost structure for a hydroelectric plant is largely fixed in nature and does not vary by output in the short term. The vast majority of the total Hydro Projects' costs, including the majority of O&M, indirect costs (Shared Services, R&D, and Indirect Debt Service), Relicensing, and Capital Costs, are fixed, and therefore, should appropriately be allocated to the demand charge. For the proposed rate design, the initial step is to allocate a portion of the total Hydro Projects' costs to the energy function by multiplying the current energy rate of \$4.92/MWh times the generation. (See Exhibit "A", Page 2, line 21). The result is energy allocated costs of \$99.4 million. The remaining Hydro Projects' costs to be recovered through the demand charge are \$121.3 million (2009) and \$130.6 million (2010). (See Exhibit "A", Page 2, line 16). Dividing the demand charge costs by the total Hydro Projects' billed demands of about 35,500 MW yields the proposed demand charges of \$3.41/kW (2009) and \$3.64/kW (2010). The result of the cost allocation procedure allocates somewhat more costs to the demand function (55% in 2009) than to the energy function (45%).

The total Hydroelectric Projects' costs, net of the ancillary service credits, are \$220.7 million and \$230.0 million for the 2009 and 2010 calendar years, respectively. (Refer to Exhibit "A" Page 2, line 14). Consistent with past ratemaking practice, the rate year beginning May 1, 2009 will be based on the calendar year 2008 costs. Similarly, the rate year beginning May 1, 2010 will be based on calendar year 2009 costs. The proposed demand and energy rates for both rate years and the overall rates at the 70% load factor are shown below.

Rate Year ¹	Demand Rate \$/kW-month	Energy Rate \$/MW-hour	Effective Rate ² \$/MW-hour	% Increase
2009	3.41	4.92	11.59	8.2
2010	3.64	4.92	12.04	3.9

¹ Runs from May 1 of the calendar year indicated to April 30 of the following year.

² Effective rate at 70% load factor.

Rate Stabilization Reserve (RSR)

The RSR, established in 1987, was designed to capture the over- or under-recovery of costs relative to the costs collected in the fixed demand and energy charges, due to differences in net generation and actual cost incurrence. By design, if the RSR balance exceeds a range of +\$25 million to -\$25 million a surcharge or credit will be assessed against the R&D hydro rate. At calendar year-end 2007, the last actual calculation, the RSR balance was -\$19.1 million. The update for calendar 2008 is scheduled to be completed by the end of the first quarter of 2009.

Final Staff Report

A final report will be issued shortly after the April 2009 Trustee meeting. The final report will reflect public comments and staff analysis, as well as Trustee action, on the proposed rate plan.

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
PROPOSED PRODUCTION COST OF SERVICE
(\$000)

Line	Description	(Per 2007 CoS) <u>2008</u>	<u>2009</u>	<u>2010</u>	Difference 2009 vs <u>2008</u> *
<u>Operations & Maintenance/Administrative & General</u>					
1	Operations & Maintenance/A&G	61,941	61,657	65,103	(284)
2	Amortized Roadwork	<u>2,983</u>	<u>2,869</u>	<u>1,528</u>	<u>(114)</u>
3	Subtotal O&M/A&G	64,924	64,526	66,631	(398)
	(line 1 + line 2)				-
<u>Indirect Overheads</u>					
5	Shared Services	41,329	50,885	53,015	9,556
6	Research & Development	3,780	3,593	3,930	(187)
7	Project Study Debt Service	846	-	-	(846)
8	White Plains Office & Y2K Debt Service	<u>2,874</u>	<u>246</u>	<u>250</u>	<u>(2,628)</u>
9	Subtotal Indirect Overheads	48,829	54,724	57,195	5,895
	(sum lines 5-8)				-
10	St. Law. Relicensing, amortization	2,000	2,000	2,000	-
11	Niagara Relicensing, amortization	12,000	12,000	12,000	-
12	Other Post-Employment Benefits (OPEB)	13,608	7,666	7,997	(5,942)
13	O&M Cost of Service	141,361	140,916	145,823	(445)
	(sum lines 3,9,10,11,12)				-
<u>Capital Costs</u>					
14	Total Depreciation	35,350	40,027	42,462	4,677
15	Interest on debt	21,453	27,570	28,281	6,117
16	Inflation Compensation	<u>21,521</u>	<u>26,176</u>	<u>27,870</u>	<u>4,655</u>
17	Subtotal Capital Costs	78,324	93,773	98,613	15,449
	(sum lines 14-16)				-
18	Total Cost of Service	219,685	234,689	244,436	15,004
	(line 13 + 17)				

* 2008 data is from the 2007 Cos and was based on data and projections available at that time.

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
PROPOSED PRODUCTION COST OF SERVICE

<u>Line</u>	<u>Description</u>		(Per 2007 CoS) <u>2008</u>	<u>2009</u>	<u>2010</u>	Difference 2009 vs 2008 *
1	Total Cost of Service	(\$000)	219,685	234,689	244,436	15,004
2	<u>Credits for ancillary services</u>	(\$000)				
3	Black Start, O&M		81	65	67	(16)
4	Voltage Control, O&M		332	228	235	(104)
5	Remaining O&M (page 1, line 13 - (line 3+line 4))		140,948	140,623	145,521	(325)
6	Operating Reserves, O&M		4.82%	4.65%	4.61%	
7	Regulation, O&M		<u>0.57%</u>	<u>0.55%</u>	<u>0.54%</u>	
8	Subtotal OR, Reg. O&M		5.39%	5.20%	5.15%	
9	Op. Res.+ Reg. O&M credit (line 8 * line 5)	(\$000)	7,597	7,312	7,494	(285)
10	<u>Capital Reductions</u>					
11	All ancillary services		6.85%	6.77%	6.73%	
12	Subtotal capital reductions (page 1, line 17 * line 11)	(\$000)	5,365	6,348	6,637	983
13	Total Ancillary Credits (sum lines 3,4,9,12)	(\$000)	13,375	13,954	14,433	579
14	Adjusted Cost of Service (line 1 - line 13)	(\$000)	206,310	220,735	230,003	14,425
15	Billing Demand	MW	36,137	35,580	35,825	(557)
16	Billing Demand Allocated Costs	(\$000)	106,822	121,302	130,570	14,480
17	Billed Demand Rate (line 16 / line 15)	\$/kW/mo	2.96	3.41	3.64	
18	LTA Generation	GWh	20,221	20,210	20,210	(11)
19	Annual Generation	GWh	20,012	18,344	18,939	(1,668)
20	Billing Energy Rate	\$/MWh	4.92	4.92	4.92	
21	Costs Allocated to Energy Rate (line 20 * line 18)		99,487	99,433	99,433	(54)

* 2008 data is from the 2007 Cos and was based on data and projections available at that time.

NEW YORK POWER AUTHORITY ESTIMATED AVERAGE ANNUAL CUSTOMER IMPACTS Prices (\$/MWh) include demand and energy components

		<u>Current</u>	<u>2009</u>	<u>2010</u>
<u>MUNIS/COOPS FULL REQUIREMENTS</u>				
HYDRO PRODUCTION RATES	\$/MWh	10.51	11.30	11.78
INCREASES FROM CURRENT	\$/MWh		0.79	1.27
<u>END USE RESIDENTIAL IMPACTS</u>				
SYSTEM RESIDENTIAL RATE	\$/MWh	68.65	69.37	69.74
INCREASES FROM CURRENT	\$/MWh		0.72	1.09
SYSTEM RESIDENTIAL AVG. BILL	\$/mo	69.04	69.76	70.13
INCREASES FROM CURRENT	\$/mo		0.72	1.09
<u>MUNIS/COOPS PARTIAL REQUIREMENTS</u>				
HYDRO PRODUCTION RATES	\$/MWh	10.76	11.65	12.09
INCREASES FROM CURRENT	\$/MWh		0.89	1.32
<u>END USE RESIDENTIAL IMPACTS</u>				
SYSTEM RATE	\$/MWh	55.72	56.53	56.95
INCREASES FROM CURRENT	\$/MWh		0.81	1.23
SYSTEM RESIDENTIAL AVG. BILL	\$/mo	60.08	60.95	61.40
INCREASES FROM CURRENT	\$/mo		0.87	1.32
<u>RESIDENTIAL UTILITY CUSTOMERS</u>				
HYDRO PRODUCTION RATES	\$/MWh	12.60	13.77	14.36
INCREASES FROM CURRENT	\$/MWh		1.17	1.75
<u>END USE RESIDENTIAL IMPACTS</u>				
SYSTEM RATE	\$/MWh	149.82	150.06	150.19
INCREASES FROM CURRENT	\$/MWh		0.25	0.37
SYSTEM RESIDENTIAL AVG. BILL	\$/mo	96.90	97.06	97.14
INCREASES FROM CURRENT	\$/mo		0.16	0.24

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
CAPITAL COST SUMMARY
(\$000)

Rate Year *	<u>2009</u>	<u>2010</u>
Debt-financed additions:		
St. Lawrence Relicensing:	16,467	14,257
Niagara Relicensing:	5,105	7,155
St. Lawrence Life Extension & Modernization	20,309	19,745
Equity-financed additions:		
St. Lawrence additions (other than LEM)	3,015	6,708
Niagara additions	12,257	47,456
Niagara-general plant & minor additions	2,231	2,231
St. Lawrence-general plant & minor additions	1,363	1,363
Shared Services plant additions **	17,516	19,452

* The rate year reflects a one-year lag from when plant is placed in service.

** allocated to hydroelectric projects based on labor ratios.

Table 1
EMBEDDED COSTS FOR ANCILLARY SERVICES FOR NIAGARA AND ST. LAWRENCE

		2009	2010
Voltage Support O&M Cost Reduction (\$)	[1]	227,899	234,736
Voltage Support Capital Share (%)	[2]	1.58%	1.58%
Black Start O&M Cost Reduction (\$)	[3]	64,912	66,859
Black Start Capital Share (%)	[4]	0.085%	0.087%
Regulation O&M Share (%)	[5]	0.55%	0.54%
Regulation Capital Share (%)	[6]	0.55%	0.54%
Operating Reserve O&M Share (%)	[7]	4.65%	4.61%
Operating Reserve Capital Share (%)	[8]	4.65%	4.61%
Ancillary Service O&M Cost (\$)	[9]	292,811	301,595
Ancillary Service O&M Share (%)	[10]	5.19%	5.15%
Ancillary Service Capital Share (%)	[11]	6.77%	6.73%

Notes and Sources:

[1]-[2]: Table 2.

[3]-[4]: Table 3.

[5]-[6]: Table 4.

[7]-[8]: Table 5.

[9]: [1] + [3]

[10]: [5] + [7]

[11]: $1 - \{ 1 - ([2]+[4]) \} * \{ 1 - ([6]+[8]) \}$

Table 2
EMBEDDED COSTS FOR VOLTAGE SUPPORT FOR NIAGARA AND ST. LAWRENCE

		2009	2010
Voltage Fraction of Gross Capital (Niag. & St. L.)	[1]	1.58%	1.58%
Voltage O&M Expense : Niagara (\$)	[2]	187,480	193,105
Voltage O&M Expense : St. Lawrence (\$)	[3]	40,419	41,632
Total Voltage O&M Expense (\$)	[4]	227,899	234,736

Notes and Sources:

[1]: From Workpaper 5.3. Fraction is Beginning-of-Year value (equal to End-of-Year value for previous year).

[2] and [3]: From Workpaper 2.2.

[4] = [2] + [3].

Table 3
EMBEDDED COSTS FOR BLACK START FOR NIAGARA AND ST. LAWRENCE

		2009	2010
Black Start Fraction of Gross Capital (Niag. & St. L.)	[1]	0.085%	0.087%
Inflation Factor	[2]	106.1%	103.0%
Black Start O&M Expense (\$)	[3]	64,912	66,859

Notes and Sources:

[1]: From Workpaper 7. Fraction is Beginning-of-Year value (equal to End-of-Year value for previous year).

[2] = From Workpaper 1

[3]: 2007 = Sum of Training costs for Niagara and St. Lawrence, plus O&M Cost allocated to Black Start from Workpaper 6.

2008 = Previous year's Total Black Start O&M Expense, adjusted by Inflation from Workpaper 6.

Table 4
EMBEDDED COSTS FOR REGULATION FOR NIAGARA AND ST. LAWRENCE

		2009	2010
NYCA Peak Load	[1]	34,167	34,444
Total NYCA Regulation Requirement (MW)	[2]	211	211
Required regulation per MW of peak load (MW)	[3]	0.006	0.006
Peak load of all contract customers of Niagara and St. Lawrence (MW)	[4]	2,859	2,859
Required regulation for all contract customers of Niagara and St. Lawrence (MW)	[5]	18	18
Niagara & St. Lawrence Summer Generation Capacity (MW)	[6]	3,241	3,241
Share of regulation for all contract customers of Niagara and St. Lawrence in generation capacity (%)	[7]	0.55%	0.54%

Notes and Sources:

[1]: From Workpaper 8. Test year peak equals 2007 peak.

[2]: From Workpaper 8.

[3] = [2] / [1].

[4]: From Workpaper 8.

[5] = [3] * [4].

[6]: NYPA, "2007 Annual Report".

[7] = [5] / [6].

Table 5
EMBEDDED COSTS FOR OPERATING RESERVE FOR NIAGARA AND ST. LAWRENCE

		2009	2010
NYCA Peak Load	[1]	34,167	34,444
Total NYCA Reserve Requirement (MW)	[2]	1,800	1,800
Required reserve per MW of peak load (MW)	[3]	0.053	0.052
Peak load of all contract customers of Niagara and St. Lawrence (MW)	[4]	2,859	2,859
Required reserve for all contract customers of Niagara and St. Lawrence (MW)	[5]	151	149
Niagara & St. Lawrence Summer Generation Capacity (MW)	[6]	3,241	3,241
Share of required reserve for all contract customers of Niagara and St. Lawrence in generation capacity (%)	[7]	4.65%	4.61%

Notes and Sources:

[1]: From Workpaper 8. Test year peak equals 2007 peak.

[2]: From Workpaper 8.

[3] = [2] / [1].

[4]: From Workpaper 8.

[5] = [3] * [4].

[6]: NYPA, "2007 Annual Report".

[7] = [5] / [6].