# MINUTES OF THE REGULAR JOINT MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK AND
THE CANAL CORPORATION

August 7, 2018

**Table of Contents**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page No.</th>
<th>Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Adoption of the August 7, 2018 Proposed Meeting Agenda</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2. Motion to Conduct an Executive Session</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3. Motion to Resume Meeting in Open Session</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>4. CONSENT AGENDA:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Governance Matters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Minutes of the Regular New York Power Authority Trustees’ Meeting held on May 22, 2018</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>b. Power Allocations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Transfer of RNY Power, RNY Hydropower and Expansion Power Allocations --</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>ii. Contracts for the Sale of Western New York Hydropower – Transmittal to the Governor</td>
<td>12</td>
<td>4b ii-A; 4b ii-B-1 4b ii-B-3; 4b ii-C</td>
</tr>
<tr>
<td>iii. Authorization for Full Requirement Municipal Electric Utility System Customers to Implement a Retail Tariff Rider for High Density Loads</td>
<td>15</td>
<td>4b iii-A; 4b iii-B</td>
</tr>
<tr>
<td>c. Procurement (Services) Contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Procurement (Services) and Other Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding</td>
<td>18</td>
<td>4c i-A; 4c i-B</td>
</tr>
<tr>
<td>ii. Procurement (Services) Contract – Richard M. Flynn Power Plant – Five-Year Renewal of the Holtsville and Setauket Oil Storage and Throughput Services Agreements</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>
5. DISCUSSION AGENDA:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page No.</th>
<th>Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>d. Finance</strong></td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>i. Release of Funds in Support of the New York State Canal Corporation</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td><strong>e. Canal Corporation</strong></td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>i. Minutes of the Regular New York State Canal Corporation Board of Directors’ Meeting held on May 22, 2018</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>ii. Abandonment and Sale of Approximately 0.68 Acres of Canal Land Located in the Town of Clifton Park, Saratoga County</td>
<td>32</td>
<td>4e ii-A</td>
</tr>
<tr>
<td>iii. Abandonment and Sale of Four Parcels Totaling Approximately 1.61 Acres of Canal Land Located in the Village of Palmyra, Wayne County</td>
<td>35</td>
<td>4e iii-A</td>
</tr>
<tr>
<td>iv. Acquisition of Approximately 16 Acres of Land Located in the Town of Danube, County of Herkimer</td>
<td>38</td>
<td>4e iv-A</td>
</tr>
<tr>
<td>v. Acquisition of Real Property – 649 Harbor Way, City of Rome, County of Oneida</td>
<td>40</td>
<td>4e v-A</td>
</tr>
<tr>
<td>vi. Procurement (Services) Contract – Statewide Dam Safety Engineering Services – Contract Award Resolution</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>

5a i-A

| a. Strategic Initiatives      | 44       |         |
| i. President and Chief Executive Officer’s Report | 44       | 5a i-A  |

5b i-A

| b. Risk Management            | 46       |         |
| i. Chief Risk Officer’s Report | 46       | 5b i-A  |

5c i-A

<p>| c. Strategy and Finance       | 48       |         |
| i. Chief Financial Officer’s Report | 48       | 5c i-A  |
| ii. Moonshot Update           | 49       | 5c ii-A |</p>
<table>
<thead>
<tr>
<th>Subject</th>
<th>Page No.</th>
<th>Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>d. Utility Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Chief Operations Officer’s Report</td>
<td>51</td>
<td>5d i-A</td>
</tr>
<tr>
<td>1. Labor Contracts - IBEW (NYPA) and PEF (CANAL):</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>a. Contract Extension – Collective Bargaining Agreement between the Authority and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers Union, AFL-CIO Resolution</td>
<td>52</td>
<td>5d i-1a-A</td>
</tr>
<tr>
<td>b. Collective Bargaining Agreement between the Canal Corporation and Unit V, Public Employees Federation Division 504, AFL-CIO – Successor Agreement Resolution</td>
<td>54</td>
<td>5d i-1b-A</td>
</tr>
<tr>
<td>e. Commercial Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Chief Commercial Officer’s Report</td>
<td>57</td>
<td>5e i-A</td>
</tr>
<tr>
<td>1. Economic Development Allocations and Awards:</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>a. Recharge New York Power Allocations Resolution</td>
<td>58</td>
<td>5e i-1a-A - 5e i-1a-E</td>
</tr>
<tr>
<td>b. Replacement Power Allocation Resolution</td>
<td>64</td>
<td>5e i-1b-A - 5e i-1b-B</td>
</tr>
<tr>
<td>c. Award of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board Resolution</td>
<td>68</td>
<td>5e i-1c-A - 5e i-1c-C</td>
</tr>
<tr>
<td>d. Award of Fund Benefits from the Northern New York Economic Development Fund Recommended by the Northern New York Power Proceeds Allocation Board Resolution</td>
<td>72</td>
<td>5d i-1d-A - 5d i-1d-C</td>
</tr>
<tr>
<td>e. Annual Compliance Review – Recharge New York Power Program Resolution</td>
<td>76</td>
<td>5e i-1e-A - 5e i-1e-J</td>
</tr>
<tr>
<td>f. Municipal and Rural Electric Cooperative Industrial Economic Development Program – Resolution</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>Subject</td>
<td>Page No.</td>
<td>Exhibit</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>----------</td>
<td>---------</td>
</tr>
<tr>
<td>g. New York City Governmental Customer – Supplemental Long-Term Power Supply Agreement – NYS Office of General Services (“OGS”) Resolution</td>
<td>88</td>
<td>5e i-1g-A</td>
</tr>
<tr>
<td>h. New York City Governmental Customer – Supplemental Long-Term Agreement (MTA) Resolution</td>
<td>90</td>
<td>5e i-1h-A</td>
</tr>
<tr>
<td>6. <strong>Informational Item:</strong> Eureka Competition</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>7. <strong>Board Committee Report</strong></td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>a. Audit Committee Report</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>b. Cyber and Physical Security Report</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>8. <strong>Next Meeting</strong></td>
<td>97</td>
<td></td>
</tr>
<tr>
<td><strong>Closing</strong></td>
<td>98</td>
<td></td>
</tr>
</tbody>
</table>
Minutes of the Regular joint Meeting of the Power Authority of the State of New York and the Canal Corporation held via video conference at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 10:14 a.m.

**Members of the Board present were:**

John R. Koelmel, Chairman  
Eugene L. Nicandri, Vice Chairman  
Tracy McKibben  
Michael A.L. Balboni  
Dennis G. Trainor  
Dr. Anne M. Kress - Excused  
Anthony J. Picente Jr., - Excused

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gil Quiniones</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Justin Driscoll</td>
<td>Executive Vice President and General Counsel</td>
</tr>
<tr>
<td>Joseph Kessler</td>
<td>Executive Vice President and Chief Operating Officer</td>
</tr>
<tr>
<td>Robert Lurie</td>
<td>Executive Vice President and Chief Financial Officer</td>
</tr>
<tr>
<td>Jenny Liu</td>
<td>Acting Executive Vice President – Commercial Operations</td>
</tr>
<tr>
<td>Soubhagya Parija</td>
<td>Senior Vice President and Chief Risk Officer</td>
</tr>
<tr>
<td>Robert Piascik</td>
<td>Senior Vice President and Chief Information Officer</td>
</tr>
<tr>
<td>Lee Garza</td>
<td>Senior Vice President – Financial Operations &amp; Acting Controller</td>
</tr>
<tr>
<td>Kimberly Harriman</td>
<td>Senior Vice President – Public &amp; Regulatory Affairs</td>
</tr>
<tr>
<td>Kristine Pizzo</td>
<td>Senior Vice President – Human Resources</td>
</tr>
<tr>
<td>Karen Delince</td>
<td>Vice President and Corporate Secretary</td>
</tr>
<tr>
<td>John Canale</td>
<td>Vice President – Strategic Supply Management</td>
</tr>
<tr>
<td>Kenneth Carnes</td>
<td>Vice President – Critical Secure Services &amp; CISO</td>
</tr>
<tr>
<td>Ruth Colon</td>
<td>Vice President – Enterprise Shared Services</td>
</tr>
<tr>
<td>Keith Hayes</td>
<td>Vice President – Economic Development</td>
</tr>
<tr>
<td>Steven Kalashian</td>
<td>Vice President – Human Resources &amp; Organizational Development</td>
</tr>
<tr>
<td>Joseph Leary</td>
<td>Vice President – Community &amp; Government Relations</td>
</tr>
<tr>
<td>Dominick Luce</td>
<td>Vice President – Energy Efficiency</td>
</tr>
<tr>
<td>Doug McMahon</td>
<td>Vice President – Strategy</td>
</tr>
<tr>
<td>Daniella Piper</td>
<td>Vice President – Digital Transformation Office / Acting Chief of Staff</td>
</tr>
<tr>
<td>Ethan Riegelhaupt</td>
<td>Vice President – Corporate Communications</td>
</tr>
<tr>
<td>Carol Geiger-Wank</td>
<td>Chief of Staff for COO &amp; Vice President – Labor</td>
</tr>
<tr>
<td>Susan Craig</td>
<td>Director – Media Relations</td>
</tr>
<tr>
<td>Lawrence Mallory</td>
<td>Director – Physical Infrastructure Security</td>
</tr>
<tr>
<td>Enrico Montesa</td>
<td>Director Fuel Planning &amp; Operations</td>
</tr>
<tr>
<td>John Markowitz</td>
<td>Lead Energy Services Product Development Engineer</td>
</tr>
<tr>
<td>Javier Bucobo</td>
<td>Principal Attorney II – Contracts, Licensing &amp; Environmental</td>
</tr>
<tr>
<td>Mary Cahill</td>
<td>Manager – Executive Office</td>
</tr>
<tr>
<td>Raj Diwan</td>
<td>Manager – Strategy, Planning and Delivery</td>
</tr>
<tr>
<td>Steve Gosset</td>
<td>Manager – Media Relations</td>
</tr>
<tr>
<td>Jacob Kim</td>
<td>Manager – Financial Analysis</td>
</tr>
<tr>
<td>Gerard McLoughlin</td>
<td>Manager – Business Power Allocations &amp; Compliance</td>
</tr>
<tr>
<td>Lorna Johnson</td>
<td>Senior Associate Corporate Secretary</td>
</tr>
<tr>
<td>Sheila Quatrocci</td>
<td>Senior Assistant Corporate Secretary</td>
</tr>
<tr>
<td>Matthew Lichtash</td>
<td>Strategy and Executive Office Specialist – Digital Transformation Office</td>
</tr>
<tr>
<td>Paul DeMicheal</td>
<td>Media Relations Specialist II</td>
</tr>
<tr>
<td>Craig Williams</td>
<td>NYS Canal Society</td>
</tr>
<tr>
<td>William Shoenerberger</td>
<td>NYS Canal Corporation – Retired</td>
</tr>
<tr>
<td>Bill Brown</td>
<td>Business Manager – Mechanical Maintenance</td>
</tr>
<tr>
<td>Bryant Bullard</td>
<td>General Maintenance Superintendent / Licensing Manager – STL</td>
</tr>
<tr>
<td>Toby Bogart</td>
<td>Senior Civil/Structural Engineer II – STL</td>
</tr>
</tbody>
</table>
Chairman Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.
**Introduction**

Chairman Koelmel welcomed the Trustees and staff members who were present at the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority’s Bylaws, Article III, Section 3.
1. **Adoption of the August 7, 2018 Proposed Meeting Agenda**

Upon motion made by Trustee Trainor and seconded by Trustee McKibben, the meeting Agenda was adopted.

**Conflicts of Interest**

Chairman Koelman declared a conflict as indicated below and said he would not participate in the discussion or vote as it relates to that matter.

- Kaleida Health and John R. Oishei Children’s Hospital (Item #4b i)
- KPMG, LLP (Item #4c i)

Vice Chairman Nicandri and Trustees Picente, McKibben, Balboni and Trainor declared no conflicts of interest based on the list of entities previously provided for their review.
2. Motion to Conduct an Executive Session

Mr. Chairman, I move that the Board conduct an executive session to discuss the financial and credit history of a particular corporation, pursuant to §105f of the Public Officers Law. Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the members held an executive session.
3. **Motion to Resume Meeting in Open Session**

*M. Chairman, I move to resume the meeting in Open Session.* Upon motion made by Trustee Balboni and seconded by Trustee McKibben, the meeting resumed in Open Session.

Chairman Koelmel said no votes were taken during the Executive Session.
4. CONSENT AGENDA:

Upon motion made by Trustee Balboni and seconded by Trustee McKibben, the members approved the Consent Agenda.
a. Governance Matters:

   i. Approval of the Minutes

   The Minutes of the Regular Meeting held on May 22, 2018 were unanimously adopted.
b. Power Allocations:

i. Transfer of RNY Power, RNY Hydropower and Expansion Power Allocations

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the transfer of the following New York Power Authority ('Authority') allocations:

1. Transfer of a pending 106 kilowatt ('kW') Recharge New York ('RNY') Power allocation (consisting of market power and hydropower) awarded to Air Stream Corp. ('Air Stream') for its use at a new facility in Oceanside, NY, to a sister company, Food Authority, Inc. ('Food Authority'), for its use at a new facility in Hauppauge, NY.

2. Transfer of a 495 kW RNY Hydropower allocation awarded to Kaleida Health for use at its Women & Children's Hospital of Buffalo ('WC Hospital') to a new location on Ellicott Street where the WC Hospital operations will be conducted under a new name – the John R. Oishei Children's Hospital of Buffalo.

3. Transfer of a 1,600 kW Expansion Power ('EP') and a 2,990 kW RNY Power allocation awarded to Norampac Industries, Inc. (which now operates as Cascades Containerboard Packaging Inc.) to Cascades New York Inc., to address corporate organizational changes from a merger.

The Economic Development Power Allocation Board, at its August 6, 2018 meeting, approved the transfer of the RNY Power allocations.

The Trustees have previously approved transfers of RNY Power program allocations and Western New York hydropower allocations in similar circumstances.

DISCUSSION

The following discussion describes the facts relating to the recommended transfers.

1) Air Stream Corp.

Air Stream has an in-service 150 kW RNY Power allocation for use at its facility in Oceanside, NY, where it manufactures and/or distributes fresh and frozen produce, juices, groceries, and dairy products. Air Stream also has a pending (i.e., not yet in service) 106 kW RNY Power allocation that was awarded to support construction of a new facility and operations at the Oceanside location.

Air Stream was unable to build the new facility at the Oceanside location. It has instead constructed a new facility at a location in Hauppauge, NY. However, the new facility is operated by Air Stream’s sister company, Food Authority. Food Authority operates the same type of business as Air Stream, but the companies’ customer bases differ. The Hauppauge expansion has been completed and Food Authority is now able to make use of the 106 kW RNY Power allocation.

The customer requests a transfer of the pending 106 kW RNY Power allocation from Air Stream to Food Authority, for Food Authority’s use at the new Hauppauge facility. Food Authority would take the transfer of the RNY Power allocation subject to the terms and conditions that are applicable to the original award to Air Stream.
2) Kaleida Health

Kaleida Health operates various medical facilities in the Buffalo metro area, including the WC Hospital on Bryant Street in Buffalo, NY, and Buffalo General Medical Center (‘BGMH’), on High Street in Buffalo, NY. Kaleida Health receives a 495 kW RNY Hydropower allocation for use to support the WC Hospital operations which is associated with an employment commitment of 1,533 jobs.

Kaleida Health has moved the WC Hospital operations, now called John R. Oishei Children’s Hospital of Buffalo, to several buildings on Ellicott Street in Buffalo near BGMH.

Kaleida Health has requested a transfer of its 495 kW RNY Hydropower allocation to its new facilities on Endicott Street to support operations at its John R. Oishei Children’s Hospital. The customer would take the allocation subject to the terms and conditions that are associated with the allocation.

3) Norampac Industries, Inc.

Norampac was awarded a 1,600 kW Expansion Power and 2,990 kW RNY Power allocation to support its containerboard business at its facility in Niagara Falls, NY. Norampac has manufactured recycled corrugated medium, which is used to make containerboard/cardboard boxes, from the Niagara Falls facility. Norampac has since changed its name to Cascades Containerboard Packaging Inc. (‘CCP”).

CCP, along with sister companies Cascades Containerboard Packaging Inc. – Schenectady Inc. and Cascades Tissue Group – New York Inc. merged into Cascades New York Inc. (‘CNY”). CCP requests a formal transfer of its EP and RNY Power allocations to CNY which would continue to operate the business at the Niagara Falls facility. CNY would take the transfer subject to the terms and conditions that are applicable to Norampac/CCP under its power sale contracts with the Authority.

RECOMMENDATION

Staff recommends that the Trustees approve the transfers discussed above, subject to the following conditions: (1) there be no material reductions in the base employment levels or capital investment commitments associated with the allocations that would be transferred; and (2) the transfers are addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate each transfer.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the transfer of the 106 kilowatt (“kW”) Recharge New York (“RNY”) Power allocation awarded to Air Stream Corp. for use at a new facility in Oceanside, New York, to Food Authority, Inc. for its use at a new facility in Hauppauge, New York, as described in the foregoing report of the President and Chief Executive Officer (“Report”) be, and hereby is, approved subject to (i) such terms and conditions as set forth in the foregoing Report, and (ii) such terms and conditions contained in contract documents prepared by the Authority to effectuate the transfer; and be it further
RESOLVED, That the transfer of the 495 kW RNY Hydropower allocation awarded to Kaleida Health for its use at its Women & Children’s Hospital on Bryant Street in Buffalo, New York, to new facilities operated by Kaleida Health located on Ellicott Street in Buffalo, New York, as described in the foregoing Report be, and hereby is, approved subject to (i) such terms and conditions as set forth in the foregoing Report, and (ii) such terms and conditions contained in contract documents prepared by the Authority to effectuate the transfer; and be it further

RESOLVED, That the transfer of the 1,600 kW Expansion Power allocation and 2,990 kW RNY Power allocation awarded to Norampac Industries, Inc. for its use at its facility in Niagara Falls, New York, to Cascades New York Inc. for its use at the Niagara Falls facility, as described in the foregoing Report be, and hereby is, approved subject to (i) such terms and conditions as set forth in the foregoing Report, and (ii) such terms and conditions contained in contract documents prepared by the Authority to effectuate the transfer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
ii. **Contracts for the Sale of Western New York Hydropower - Transmittal to the Governor**

The President and Chief Executive Officer submitted the following report:

**“SUMMARY”**

The Trustees are requested to:

1) In accordance with Public Authorities Law (‘PAL’) §1009, approve final contracts (‘Contracts’) for the sale of the following allocations which would be extended through June 30, 2020: (i) 750 kilowatts (‘kW’) of Replacement Power (‘RP’) to Citigroup Technology, Inc. (‘Citi’) (ii) 1,150 kW of Expansion Power (‘EP’) to M&T Bank Corporation (‘M&T Bank’) and (iii) 300 kW of EP to Moog Inc. (‘Moog’).

2) Authorize transmittal of the Contracts to the Governor for his review and for the purpose of seeking his authorization for the Authority to execute the Contracts pursuant to PAL §1009.

The Contracts are attached as Exhibits ‘4b ii-B-1’ through ‘4b ii-B-3’.

**BACKGROUND**

Under PAL §1005(13), the Authority may allocate and sell directly or by sale for resale, 250 megawatts (‘MW’) of EP and 445 MW of RP (collectively, ‘WNY Hydropower’) to businesses located within 30 miles of the Niagara Power Project, provided that the amount of EP allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county. Under PAL §1005(13), the Authority may allocate and sell directly or by sale for resale, 490 MW of Preservation Power to businesses located in Jefferson, Franklin and St. Lawrence Counties.

As required by PAL §1009, when the Authority has reached agreement with its co-party on a power sale contract, it is required to transmit the proposed contract to the Governor and other elected officials and hold a public hearing on the proposed contract. At least 30-days’ notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the contract may be modified, if advisable.

Upon approval of the final proposed contract by the Authority, the Authority ‘reports’ the proposed contract, along with its recommendations and the public hearing record, to the Governor and other elected officials. Upon authorization of the Governor, the Authority may execute the contract.

The allocations were awarded to Citi, M&T Bank, and Moog (the ‘Companies’) on September 24, 2013, July 26, 2011, and July 26, 2011, respectively. On March 20, 2018, the Trustees authorized (i) extensions of these allocations to June 30, 2020, as further described in Exhibit ‘4b ii-A,’ and (ii) a public hearing on the Contracts pursuant to PAL §1009.

**DISCUSSION**

In summary:

- The Contracts before the Board would provide for the sale of the allocations to the Companies under a direct sale arrangement.

- Transmission and delivery service would be provided by the Companies’ local utility in accordance with the utility’s Public Service Commission-filed delivery service tariff.
• The Contracts would provide for the direct billing of all production charges (i.e. demand and energy) as well as all New York Independent System Operator, Inc. charges, plus taxes or any other required assessments, as set forth in the applicable Trustee-approved Service Tariff.

• The Contracts include the Companies’ agreed-upon commitments with respect to employment, power utilization and capital investments. The Authority would retain the right to reduce or terminate a Company’s allocation if employment, power utilization, or capital investment commitments are not met.

• The Contracts provide for the sale of additional power allocations to the Companies in appropriate circumstances by incorporating new allocations into Schedule A of the Contracts. The Trustees approved this convention in the 2010 long-term extension contract for hydropower, which simplifies contract administration.

• To accommodate non-payment risk that could result from the direct billing arrangement with the Authority, the Contracts include commercially reasonable provisions concerning, among other things, the ability to require deposits in the event of a customer’s failure to make payment for any two monthly bills. This is consistent with broader Authority contract template changes that incorporate direct billing, including the Authority’s Recharge New York contract forms.

• The Contracts provide for collection of a Zero Emission Credit Charge and a Renewable Energy Credit Charge to allow the Authority to recover costs it would incur relating to its purchase of Zero Emission Credits and Renewable Energy Credits attributable to the customer’s load.

The Authority has discussed the Contracts with the Companies, and each Company has given its consent to its respective Contract. The Companies have also acknowledged application of the appropriate tariff to the allocations, discussed above.

A public hearing on the Contracts was held on May 31, 2018 at the Power Vista (Visitors Center) at the Niagara Power Project in Lewiston. The official transcript of the public hearing is attached as Exhibit ‘4b ii-C-1.’ No oral statements were given and staff has not identified any substantive changes to the Contracts as a result of the public hearing process.

RECOMMENDATION

The Manager – Power Contracts recommends that the Trustees approve the Contracts for the sale of Western New York Hydropower to Citigroup Technology, Inc., M&T Bank Corporation and Moog Inc. as in the public interest, and authorize the transmittal of the Contracts to the Governor for his review and to seek his authorization for the Authority to execute the Contracts pursuant to PAL §1009.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the contracts for the sale of 750 kilowatts (“kW”) of Replacement Power (“RP”) to Citigroup Technology, Inc., 1,150 kW of Expansion Power (“EP”) to M&T Bank Corporation, and 300 kW of EP to Moog Inc. (“Contracts”) are in the public interest, and in accordance with Public Authorities Law §1009 should be submitted to
the Governor for his review and to seek his authorization for
the Authority to execute the Contracts, along with a copy of
the record of the public hearing thereon, and copies of the
Contracts along with the record of the public hearing
thereon, be forwarded to the Speaker of the Assembly, the
Minority Leader of the Assembly, the Chairman of the
Assembly Ways and Means Committee, the Temporary
President of the Senate, the Minority Leader of the Senate
and the Chairman of the Senate Finance Committee; and be
it further

RESOLVED, That the Chairman and the Corporate
Secretary are authorized and directed to execute such
Contracts in the name of, and on behalf of the Authority if
the Contracts are approved by the Governor; and be it
further

RESOLVED, That the Executive Vice President and
Chief Commercial Officer, or his or her designee, be, and
hereby is, authorized, subject to the approval of the form
thereof by the Executive Vice President and General
Counsel, to negotiate and execute any and all documents
necessary or desirable to implement the Contracts with the
businesses as set forth in the foregoing report of the
President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chair, the
President and Chief Executive Officer, the Chief Operating
Officer and all other officers of the Authority are, and each
of them hereby is, authorized on behalf of the Authority to
do any and all things, take any and all actions and execute
and deliver any and all agreements, certificates and other
documents to effectuate the foregoing resolution, subject to
the approval of the form thereof by the Executive Vice
President and General Counsel.
iii. Authorization for Full Requirement Municipal Electric Utility System Customers to Implement A Retail Tariff Rider for High Density Loads

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize the Authority’s full requirement Municipal Electric Utility System customers (‘Full Requirement Systems’ or ‘FRSs’), as listed in Exhibit ‘4b iii-A,’ to implement modifications to their retail tariffs, in the general form of a rider provided in Exhibit ‘4b iii-B’ (the ‘FRS Rider’), which is designed to address the impacts of utility customers with high density loads (‘HDL’) locating within the electric service territories of a FRS.

BACKGROUND

In late 2017, the Authority, municipal electric systems and investor-owned utilities began to experience increased requests for large amounts of power service primarily from entities involved in the cryptocurrency mining industry. Cryptocurrency mining and related operations use large amounts of power to run algorithms on high-speed computer servers with the equipment running 24 hours per day, 7 days per week, all year long. The operations give off a considerable amount of heat and are generally not known to use significant employment levels to run the operations relative to the power consumption of such operations. In response, the Authority began investigating the ramifications of high density load ('HDL') businesses and their potential impacts on Authority programs and operations, as well as the impacts to the Authority’s municipal electric utility and rural electric cooperative customers.

HDL businesses typically seek existing commercial or industrial facilities where they can gain access to the large amounts of power required for operating computer server farms which can be quickly installed. These businesses may offer some economic development benefits to an area, but typically do not bring with them the type of economic development traditionally associated with large load sizes, such as large numbers of long-term local jobs and significant, recurring capital investment that can often help to support the local economy. In addition, HDL businesses are unusually mobile, usually undertaking minimal infrastructure investment in existing, low-cost commercial spaces. The potential for easy, sudden and frequent relocation of large loads results in unpredictable electric usage causing risks to the electric system of a typical municipal utility. HDL businesses could also drastically increase the amount of supplemental power needed in a municipal electric utility and rural electric cooperative service territory, thereby significantly increasing costs to contiguous customers. At their March 20, 2018 meeting, the Authority’s Trustees approved a moratorium on allocating economic development power to HDL businesses until the Authority can complete its due diligence in evaluating all of the potential impacts on Authority programs, infrastructure, operations and existing customers.

Pursuant to Public Authorities Law §1005(5) and the Niagara Redevelopment Act, 16 U.S.C. §836(b)(1), the Authority sells a portion of the hydropower output from the Niagara Power Project to 47 municipal electric utilities and four (4) rural electric cooperatives (‘Coops’). The Authority currently regulates the seven (7) Full Requirement Systems’ retail electric service with regards to rates and service practices pertaining to consumers located within their municipal electric service territories. Full requirement customers are those that have their entire electric load satisfied by the Authority. The four Coops, which are also full requirement customers, are self-regulated with regards to their retail rates (as approved by the Authority in September 2008), and consequently do not require the Authority to authorize riders of the nature being proposed here. The other 40 municipal electric utility systems are partial requirement customers (‘Partial Requirement Systems’ or ‘PRSs’) which use a third-party supplier to meet the system’s electricity needs beyond what is provided by the Authority’s hydropower allocation. The Partial Requirement Systems are regulated by the Public Service Commission (‘PSC’).
On June 15, 2018, the PSC approved a rider to the Partial Requirement Systems’ ‘New York Municipal Power Agency Generic Tariff’ to address the impacts of high density loads locating within the Partial Requirement Systems’ electric service territories (‘Rider A’). Rider A addressed the rate treatment of HDL customers which impose capital and commodity costs on Partial Requirement Systems because of their unusually high energy demands. HDL customers were shown to be increasing costs for the PRSs and their ratepayers, while providing little corresponding benefit to the community. Rider A defines HDL customers and allocates to them all of their unique capital and commodity costs, insulating the utility and other ratepayers.

**DISCUSSION**

The Trustees are requested to authorize the Full Requirement Systems’ adoption of a retail tariff rider, the general form of which is attached as Exhibit ‘4b iii-B,’ which is designed to assure that the costs of serving HDL customers are appropriately allocated to these customers, thus protecting existing ratepayers within the FRSs’ electric service territories. Adoption of a rider in a form similar to Exhibit ‘4b iii-B’ will enable the FRSs to retain the stability of existing rate structures, avoid potential service classification distortions due to HDL customers, and maintain the overall financial viability of the systems.

If adopted by a Full Requirement System, the rider would apply to all new and existing customers which meet certain load density characteristics. The proposed energy density thresholds for a HDL customer are 250 kilowatt-hours/square foot/year and a minimum demand of 300 kilowatts (kW). These thresholds are intended to be consistent with the PSC’s approved Rider A, which was derived from researching the experiences of New York State’s utilities as well as utilities nationwide.

In addition to meeting the load density characteristics, customers falling under the FRS Rider would be those that do not qualify for the existing Authority-approved Industrial Economic Development Program (‘IEDP’). This requirement assures that the rider will not serve as a disincentive for genuine economic development in FRSs’ territories. New IEDP customers are required to meet new jobs per MW of hydropower allocated in order to be eligible for the program. Experience has shown that HDL customers typically do not create a significant amount of jobs relative to power demands. Therefore, this qualification ensures that HDL businesses do not unfairly gain access to hydropower set aside for economic development purposes through the IEDP.

Before receiving service under the FRS Rider, an applicant would be required to submit a completed application to the System describing the equipment it seeks to install and operate as well as other information. This requirement will allow the utility to determine whether the load can be safely accommodated and if any system upgrades are needed. Because HDL power requirements are likely to be proportionally outsized relative to the typical size of the FRS, it is critical that any significant load additions be evaluated before providing service such that the municipal system is not physically or financially overwhelmed.

Because of the potential temporary nature of HDLs, businesses requesting such service will be required to provide a reasonable contribution towards the utility’s costs of supplying the service. This will ensure that the capital needed to supply the new and potentially temporary load is not borne by existing customers.

To ensure that supply costs are fairly allocated to those customers that cause them, the new FRS Rider would impose an HDL Purchased Power Adjustment (‘PPA’) that would be applied to the appropriate underlying rate classification, in place of the traditional PPA for existing customers. The HDL PPA would isolate those purchased power costs attributable to the HDL customers and recover such costs from them.

Due to the relatively small size of municipal electric system loads, interconnection of large HDL customers could drive electric demand over the FRSs’ hydropower allocation, creating the need to purchase more, higher cost market power. The HDL PPA would insulate existing customers from the
additional purchased power costs created by HDL customers. The FRS Rider would allow HDL customers to get the benefits of any unused hydropower that may be available, but would not allow increased costs associated with the HDL customers (due to increased market power purchases and capital costs) to be subsidized across non-HDL ratepayers.

If a FRS determines it necessary to implement a rider to mitigate the impacts of HDL applications for electric service within its service territory, it will submit the proposed modification to its tariff to the Authority for review and approval.

RECOMMENDATION

The Trustees are requested to authorize the Authority's full requirement Municipal Electric Utility System customers, as listed in Exhibit ‘4b iii-A,’ to implement modifications to their retail tariffs, in the general form of the Full Requirement Systems ('FRS') Rider as provided in Exhibit ‘4b iii-B,’ designed to address the impacts of customers with high density loads ('HDL') locating within those FRS electric service territories.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Trustees hereby authorize the full requirement Municipal Electric Utility System customers, as listed in Exhibit “4b iii-A,” to implement modifications to their retail tariffs, in the general form of a rider as provided in Exhibit “4b iii-B,” to address the impacts of high density loads locating within those Full Requirement Systems’ electric service territories, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
c. Procurement (Services) Contracts:

i. Procurement (Services) Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit ‘4c i-A,’ as well as the continuation and/or funding of the procurement (services) and other contracts listed in Exhibit ‘4c i-B,’ in support of projects and programs for the Authority’s Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including the nature of such services, the bases for the new awards if other than to the lowest-priced, lowest total cost of ownership or ‘best valued’ bidders and the intended duration of such contracts, or the reasons for extension and the projected expiration dates, are set forth in the discussion below.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority’s current Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of $6 million, as well as personal services contracts in excess of $2 million if low bidder or best value, or $1 million if sole-source, single-source or other non-competitive award.

The Authority’s current EAPs also require the Trustees’ approval when the cumulative change order value of a personal services contract exceeds $500,000, or when the cumulative change order value of a non-personal services, construction, equipment purchase, or non-procurement contract exceeds the greater of $6 million or 25% of the originally approved contract amount not to exceed $6 million.

DISCUSSION

Awards

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit ‘4c i-A,’ where the EAPs require approval based upon contract value or the terms of the contracts will be more than one year. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated dollar value from approximately $30,000 to $2,500,000. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

The issuance of multiyear contracts is recommended from both cost and efficiency standpoints. In many cases, reduced prices can be negotiated for these long-term contracts. Since these services are typically required on a continuous basis, it is more efficient to award long-term contracts than to rebid these services annually.
Extensions

Although the firms identified in Exhibit ‘4c i-B’ have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. The Trustees’ approval is required because the terms of these contracts will exceed one year including the extension, the term of extension of these contracts will exceed one year and/or because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming change orders. The subject contracts contain provisions allowing the Authority to terminate the services at the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

Extension of the contracts identified in Exhibit ‘4c i-B’ is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical or (4) the contractor provides proprietary technology or specialized equipment, at reasonable negotiated rates, that the Authority needs to continue until a permanent system is put in place.

The following is a detailed summary of each recommended contract award and extension.

Contract Awards in Support of Business Units/Departments and Facilities:

Business Services – Controller

The proposed non-personal services contract with ADP, LLC (‘ADP’) (Q17-6329JW; PO# 4500298321) would provide a Payroll Solution. ADP has extensive experience with payroll products and services. In obtaining the Payroll Solution, the Payroll Department will be able to support payroll processing for approximately 1,600 New York Power Authority employees, 500 Canal Corporation employees comprised of salaried exempt and non-exempt personnel, CSEA union personnel and PEF union personnel. Trustee approval is being requested for an interim award, effective June 11, 2018, including the not-to-exceed amount of $31,000 to meet NYPA’s scheduling requirements. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Fifteen firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Five proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to ADP which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors. The contract is for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $878,511.21.

Business Services – Strategy

The proposed single-source, personal services contract with Rocky Mountain Institute dba Carbon War Room (‘RMI’) (PO# 4500298879) would provide for continued support of NYPA’s Electric Vehicle (‘EV’) strategy development. RMI is uniquely qualified, based on its current EV strategy work with NYPA, to build upon the current scope-of-work efficiently and effectively. Trustee approval is being requested for an interim award, effective July 2, 2018, including the not-to-exceed amount of $75,000 to meet NYPA’s scheduling requirements. This engagement is anticipated to cover supporting strategy design including stakeholder workshops, scenario development and market analysis relating to electric vehicles in the State of New York as well as supporting NYPA in the establishment of optimal rate structures and regulatory frameworks to support the EV market. Staff recommends that a single-source
contract be awarded to RMI for assistance with strategy design, planning and implementation as well as regulatory support in the amount of $550,000, including travel, for a term of approximately one year and six months (through December 31, 2019).

**Human Resources and Shared Services – Human Resources**

The proposed personal services contract with **Bard College** (‘Bard’) (Q17-6334JT; Contract # 4600003498) would provide an on-site graduate degree program (MBA Program) for the employees of New York Power Authority and the Canal Corporation. Trustee approval is being requested for an interim award, effective July 1, 2018, including the not-to-exceed amount of $50,000 to meet NYPA’s scheduling requirements. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Eleven firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Ten proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Bard which is technically and commercially qualified and meets the bid requirements on the basis of ‘best value,’ which optimizes quality, cost and efficiency among responsive and responsible offerors. The contract is for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $2.5 million.

**Human Resources and Shared Services – Enterprise Excellence**

The proposed non-personal services contract with **Ascendant Strategy Management Group, LLC dba ClearPoint Strategy** (‘Ascendant’) (Q17-6274JW; PO# 4500298619) would provide a Performance Management Tool to facilitate measurement of enterprise-wide key performance indicators. Trustee approval is being requested for an interim award, effective July 9, 2018, including the not-to-exceed amount of $97,537 to meet NYPA’s scheduling requirements. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Twenty-one firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Six proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Ascendant which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors. The contract is for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $708,910.

**Risk Management – Enterprise Risk**

The proposed personal services contract with **Carahsoft Technology Corporation** (‘Carahsoft’) (PO# TBA) would provide for an Enterprise Risk, Governance and Compliance (eGRC) software solution, maintenance, training and implementation services. This contract is based on Carahsoft’s General Services Administration (‘GSA’) Schedule Number GS-35F-0119Y. The proposed eGRC solution would provide for a consolidated, integrated and consistent view of risk across the organization, risk/reward based decision making capabilities, a platform for integrated risk reporting as well as an audit management system. Staff recommends the award of a contract to Carahsoft through the GSA schedule, as they are technically and commercially qualified to provide the software tool, maintenance, training and implementation services at the ‘best value’ to NYPA. The contract is for an intended term of three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $1,111,393.19.
Utility Operations – Environmental Health & Safety

The proposed personal services contract with TSI Turtle Services, LLC (‘TSI’) (Q18-6432JGM; PO# TBA) would provide Air Emissions Support Services. The Authority’s Southeastern New York (‘SENY’) Region consists of nine facilities which contain fourteen combustion turbine generators. This reporting includes Electronic Data Reports (‘EDRs’), annual emission statements, Excess Emission Reports (‘EERs’) and the Title V compliance certifications. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised in the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Eight firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Five proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to TSI which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors. The intended term of the contract is five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, $1 million. TSI is a NYS-certified Women-owned Business Enterprise.

The proposed personal services contracts with MS Analytical, LLC (‘MS’), LiRo Engineers, Inc. (‘LiRo’) and Watts Architecture & Engineering, D.P.C. (‘Watts’) (N18-20126417GJ; PO# TBA) would provide Environmental Consulting Services for the Authority’s Western NY Region. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised in the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Forty firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Five proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to MS, LiRo and Watts which are technically and commercially qualified and meet the bid requirements as the lowest-priced bidders among responsive and responsible offerors. The intended term of the contracts is for a period of four years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for $250,000 to be awarded to each of the contractors (MS, LiRo and Watts), equating the total aggregate amount expected to be expended for the term of the contracts, $750,000. Watts is a NYS-certified Minority-owned Business Enterprise.

The proposed personal services contract with APTIM Environmental & Infrastructure, Inc. fka CB&I Environmental & Infrastructure, Inc. (‘APTIM’) (N18-20126381GJ; PO# TBA) would provide Zebra Mussel Monitoring Services for the Niagara Power Project. APTIM is familiar with the Niagara Power Project and has previously provided similar service to the Authority. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised in the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Nine firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Two proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to APTIM which is technically and commercially qualified and meets the bid requirements on the basis of ‘best value,’ which optimizes quality, cost and efficiency among responsive and responsible offerors. The intended term of the contract is for a period of four years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, $75,000.

Utility Operations – Operations Support (Metering)

The proposed sole-source, non-personal services contract with Itron, Inc. (‘Itron’) (PO# TBA), would provide for technical support for the MV90 software system. The Authority utilizes the MV90 software system to perform daily meter data retrieval of revenue meter register and profile data which is used for billing as well as daily scheduling and settlements. The MV90 software system requires regular updates based on new meter firmware and communications options. The MV90 software system is a
product of Itron, and it is a standard utility industry product which has been in-service at NYPA for over 25 years. Itron is the sole provider of MV90 software and the associated technical support. For the reasons noted, staff recommends this contract award on a sole source basis. The contract is for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the not-to-exceed contract value amount of $277,995.85.

Utility Operations – Operations Support (Project Management)

The proposed non-personal services contract with Atlas Painting and Sheeting Corp. (‘Atlas’) (Q18-6424DKT; PO# 4500298714) would furnish all labor, materials, tools, equipment and supervision to complete the coating and repair of six main deck hatches at the Blenheim-Gilboa Power Project (‘BG’). The BG main deck hatches contain lead paint that requires lead abatement and recoating to extend their life span and reduce exposure to hazardous material. The Trustees’ approval is being requested for an interim award, effective June 29, 2018, including the not-to-exceed amount of $500,000 to meet NYPA’s scheduling requirements. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Eleven firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Three proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Atlas which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors. The contract is for an intended term of two years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $2.1 million.

The proposed personal services contract with CHA Consulting, Inc. (‘CHA’) (Q18-6407JGM; PO# 4500298463) would provide engineering and design services for the Water Ball Replacement Project at the St. Lawrence-FDR Power Project. Trustee approval is being requested for an interim award, effective June 13, 2018, including the not-to-exceed amount of $50,000 to meet NYPA’s scheduling requirements. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Twenty-two firms / entities were listed as having been invited to, or requested to participate in, the Ariba event. Four proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to CHA which is technically and commercially qualified and meets the bid requirements on the basis of ‘best value’, which optimizes quality, cost and efficiency among responsive and responsible offerors. The contract is for an intended term of three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $210,200 which includes $20,000 for additional site visits during construction and commissioning including associated reimbursable expenses to be used only if needed.

Utility Operations – Power Supply (SENY Operations)

The proposed non-personal services contract with U. Arias Corp. (‘Arias’) (A18-000643JR; PO# TBA) would provide landscaping maintenance for the Southeast New York (‘SENY’) Power Projects, including the 500 MW Power Project, the Small Clean Power Projects, as well as the Flynn and Brentwood Power Projects. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised in the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Seventeen firms / entities were listed as having downloaded the bid documents from the NYPA website. One proposal was received electronically via ARIBA and was evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contract to Arias which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors. The intended term of the contract is five years, subject to the Trustees’ approval, which is
hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, $1 million. Arias is a NYS-certified Minority-owned Business Enterprise.

**Utility Operations – Power Supply (Licensing)**

The proposed non-personal services contract with **Morrisonville Septic, LLC (‘Morrisonville’) (6000178658; PO# TBA)** would provide septic service agreement for the Plattsburgh Substation. Bid documents were developed by staff and were accessible through the NYPA.gov site. Three firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Two proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Morrisonville which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors. The intended term of the contract is three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, $30,000.

**Extensions and/or Additional Funding Requests:**

**Public & Regulatory Affairs – Environmental Justice**

On July 11, 2017, the New York Power Authority (‘NYPA’) issued a one-year, single-source contract to **CEC Stuyvesant Cove, Inc. dba Solar One (‘CEC’) (PO# 4500287364)** in the amount of $49,500 to complete Environmental Justice STEM education in accordance with the Authority’s Trustee-approved Environmental Justice Implementation Plan. Due to examination preparation classes and other end-of-academic-year related scheduling conflicts, the contracted programs have not been completed. Based on the foregoing, staff requests the Trustees’ approval to extend the contract for a period of three months, through October 10, 2018. No additional funding is requested.

**Public & Regulatory Affairs**

At their meeting of July 29, 2014, the Trustees approved the award of a competitively bid contract to **KPMG, LLP (‘KPMG’) (PO# 4500249908)** in the amount of $2.5 million for a five-year term to provide independent accounting and auditing services, as well as other audit and non-audit services, as may be required. At their meeting of March 29, 2016, the Authority’s Audit Committee authorized staff to engage KPMG to provide advisory services relating to the transfer of the New York State Canal Corporation (‘the Canal Corporation’). Additional funding in the amount of $6,910,000 was subsequently authorized in accordance with the EAPs including Board authorization of $6,410,000 at the July 26, 2016 Board meeting. Additional funding of $1,275,000 was approved by the Trustees at their meeting of January 31, 2017 for continued support of the integration work effort. The Trustees are requested to approve an increase of the contract amount from $10,685,000 to $11,741,000 to provide consultation services to the Authority which include continuation of post-merger integration due diligence assistance services efforts. As part of this $1,056,000 funding increase request, staff also requests the Trustees’ approval for the not-to-exceed value of $200,000 for work performed during the interim period beginning June 15, 2018.

**Information Technology (Enterprise Network Services)**

On July 27, 2017, the New York Power Authority (‘NYPA’) issued a contract to **Presidio Holdings, Inc., dba Presidio Networked Solutions Group, LLC (‘Presidio’) (PO# 4500287991)** in the amount of $1,152,527.15 for the provision of the Turret Project, with a validity term of up to one year. The purpose of the Turret Project is to replace antiquated Turret phone systems in the control rooms in the NYPA facilities at Blenheim-Gilboa, Niagara, Clark Energy Center and St. Lawrence. On May 10, 2018, a change order in the amount of $69,262.00 was issued, bringing the aggregate contract total to $1,221,789.15. The project was slated to be completed on or before July 26, 2018, but due to unanticipated requirement changes from NYPA and delays with the implementation of the new Turret solution, the delivery of certain professional services will extend beyond the scheduled end date. Staff
requests the Trustees' approval for the extension of the Presidio contract for up to one year, through July 26, 2019, with no additional funding required.

Utility Operations – Operations Support (Project Management)

On June 14, 2017, the New York Power Authority (‘NYPA’) issued a one-year construction contract to O’Connell Electric Company, Inc. (‘O’Connell’) (PO# 4500286401) in the amount of $599,724 for construction services for the new power service to the future Warehouse, Office and Security Building Complex and the new Water Ball located at the St. Lawrence-FDR Power Project. Staff requests a contract extension of one year, through June 13, 2019, because the necessary outage required to facilitate final cable connection was postponed and could not be accomplished during the initial contract term, and is expected to be completed in late 2018 or early 2019. In order to allow for O’Connell to continue construction, staff also requests the Trustees’ approval of the interim period from June 14, 2018 through August 7, 2018. No additional funding is requested.

FISCAL INFORMATION

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2018 Approved Operating or Capital Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating or Capital Fund, as applicable.

Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project’s Capital Expenditure Authorization Request, as applicable.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer; the Senior Vice President – Power Supply; the Senior Vice President – Human Resources and Shared Services; the Senior Vice President – Public & Regulatory Affairs; the Senior Vice President – Chief Information Officer; the Senior Vice President & Chief Risk Officer; the Senior Vice President – Internal Audit; the Vice President – Project Management; the Vice President – Environmental, Health and Safety; the Vice President – Enterprise Excellence; the Vice President – Controller; the Vice President – HR and Organizational Development; the Vice President – Engineering; the Vice President – Strategy; the Regional Manager Northern NY; the Regional Manager Western NY; the Regional Manager SENY; the Senior Director – Infrastructure; the Senior Director – Enterprise Risk and Corporate Insurance; the Director Environmental Operations and the Director Operations recommend that the Trustees approve the award of multiyear procurement (services) and other contracts to the companies listed in Exhibit ‘4c i-A’ and the extension and/or funding of the procurement (services) contracts listed in Exhibit ‘4c i-B,’ for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Ms. Kristine Pizzo, Senior Vice President of Human Resources and Enterprise Shared Services provided an overview of the Authority’s MBA Program to the Board. She said that for the past four years, the Authority had an engagement with Pace University for an executive MBA program. The program consisted of two classes. Approximately 30 participants have completed the MBA program, to date.

The Authority recently sent out a Request for Proposals (“RFP”) to explore colleges for this program. Bard College fits with the Authority’s mission and vision, in particular, with the Authority’s sustainability renewables vision. The Authority did not have to engage in a lot of customization as it did with the prior university since Bard College focuses on sustainability and its program ties into the issues of sustainability and renewables related to NYPA’s business.
President Quiniones added that the selection process was done on a competitive basis.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services contracts set forth in Exhibit “4c i-A,” attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contracts listed in Exhibit “4c i-B,” attached hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
ii. **Procurement (Services) Contract – Richard M. Flynn Power Plant – Five-Year Renewal of the Holtsville and Setauket Oil Storage and Throughput Services Agreements**

The President and Chief Executive Officer submitted the following report:

"**SUMMARY**

The Trustees are requested to approve the renewal of the oil storage and throughput services agreements with Northville Industries Corp. (‘NIC’), Long Island, NY, in support of the Richard M. Flynn Power Plant (‘Flynn Facility’) at Holtsville and Setauket, Long Island. The current Northville storage agreements for NIC tanks #8 and #31 are set to expire on March 31, 2019. The renewal term will be April 1, 2019 through March 31, 2024. The estimated cost of this five-year renewal is $4.1 million.

**BACKGROUND**

The Authority’s Expenditure Authorization Procedure requires the Trustees’ approval when exercising a renewal option if the term of a non-personal services contract exceeds one year and/or when a cumulative change order value exceeds $1 million.

The Holtsville and Setauket Storage Agreements (‘Agreements’), dated March 27, 1990 became effective on October 1, 1993 and April 1, 1994 respectively, and provided for a 15-year initial term with three, 5-year renewal options by providing written notice to NIC six months prior to expiration of the then current terms. Both Agreements were renewed by the Authority in 2008 and again in 2013. On May 3, 2016, the Holtsville Storage Agreements were amended to extend the termination date to March 31, 2019, making the Agreements coterminous. The third renewal option must be exercised in writing by the Authority on or before September 28, 2018.

The Authority has a total of 21 days’ worth of usable storage capacity at the Holtsville and Setauket, Long Island facilities (NIC Storage Tank #8 and Tank #31) for the Flynn Power Plant. Ultra Low Sulfur Diesel (‘ULSD’) Oil is used as an alternative fuel when oil is the more economic fuel to use than natural gas and/or when natural gas supplies are restricted due to natural gas system conditions or when the Flynn Facility experiences operational issues.

**DISCUSSION**

Notification to extend the Holtsville and Setauket Agreements dated March 27, 1990, which is scheduled to expire on March 31, 2019, will be provided to NIC on or before September 28, 2018 in accordance with the provisions of the foregoing Agreements. Competitive bidding was not used by the Authority in securing the Holtsville and Setauket Storage Agreements due to NIC’s unique ability to provide the requisite services, which are required on an ongoing basis to support the Flynn Facility. NIC’s rates are considered competitive, consistent with fair market value and in accordance with Producer Price Index – Commodities Values from the Bureau of Labor Statistics Database.

**FISCAL INFORMATION**

Payment will be made from the Fuel Reserve Account Operating Fund.

**RECOMMENDATION**

The Vice President – Energy Resource Management recommends that the Trustees approve the renewal of the Holtsville and Setauket Storage Agreements dated March 27, 1990, as amended.
For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures for Fuel Procurement Contracts, approval is hereby granted to renew the Holtsville and Setauket Storage Agreements dated March 27, 1990 with Northville Industries Corporation, Long Island, New York, through March 31, 2024, for oil storage and throughput services, as recommended in the foregoing report of the President and Chief Executive Officer, in the amounts and for the purposes listed below:

Oil Storage and Throughput Services
Northville Industries Corp., Long Island, NY

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Setauket Storage Agreement 2018</td>
<td>581,261</td>
</tr>
<tr>
<td>Holtsville Storage Agreement 2018</td>
<td>145,315</td>
</tr>
<tr>
<td>Annual Total</td>
<td>726,576</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fuel Reserve Account (Operating Fund)</th>
<th>Holtsville &amp; Setauket Facilities (Tank #8 &amp; Tank #31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year Storage</td>
<td>$726,576</td>
</tr>
<tr>
<td>5 Years</td>
<td>$3,632,880</td>
</tr>
<tr>
<td>Escalation (3%)</td>
<td>$108,986</td>
</tr>
<tr>
<td>Total Oil Storage 5 Years (2019-2024)</td>
<td>$3,741,866</td>
</tr>
<tr>
<td>Throughput Services</td>
<td>$358,134</td>
</tr>
<tr>
<td>TOTAL CONTRACT APPROVAL</td>
<td>$4,100,000</td>
</tr>
<tr>
<td>Projected Closing Date</td>
<td>March 31, 2024</td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, that the Authority hereby ratifies and approves the Agreements and exercise of the option to extend the Agreements for a period of up to five years; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
d. Finance

i. Release of Funds in Support of the
   New York State Canal Corporation

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to ratify and authorize the release of an additional up to $27 million in funding to the New York State Canal Corporation (‘Canal Corporation’) to support the operations of the Canal Corporation in calendar year 2018. The amount requested is 28% of the Canal Corporation’s revised 2018 O&M Budget. The Canal Corporation’s 2018 O&M Budget have been revised to incorporate an increase of $13 million, largely due to a dredging project for the Syracuse Inner Harbor. The amount requested is in addition to the $41 million that the Trustees authorized through March 2018 to be released to support the operations of the Canal Corporation in calendar year 2018.

BACKGROUND

The Authority has been authorized to provide financial support for the Canal Corporation. See, e.g., Public Authorities Law § 1005-b(2). However, certain expenditures associated therewith do not constitute Capital Costs or Operating Expenses (‘Operating Expenses’) as defined in the Authority’s General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented (‘Bond Resolution’). Expenditures for the Canal Corporation’s operating purposes that do not constitute Capital Costs or Operating Expenses must satisfy the requirements of the Authority’s Bond Resolution relating to the release of funds from the trust estate created by the Bond Resolution for lawful corporate purposes. In addition, as set forth in the Trustees’ Policy Statement dated May 24, 2011, a debt service coverage ratio of 2.0 is to be used as a reference point in considering any such release of funds.

The Bond Resolution permits the Authority to withdraw monies ‘free and clear of the lien and pledge created by the [Bond Resolution] provided that (a) such withdrawals must be for a ‘lawful corporate purpose as determined by the Authority,’ and (b) the Authority must determine, taking into account among other considerations anticipated future receipt of revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

Under the Bond Resolution, Capital Costs (which includes capital costs related to the Canal Corporation) may be paid without satisfying the provision described above.

DISCUSSION

With this ratification and authorization, the Trustees will approve the release of $27 million, an amount equal to 28% of the Canal Corporation’s revised 2018 O&M Budget. The amount requested is in addition to the $41 million that the Trustees authorized through March 2018 to be released to support the operations of the Canal Corporation in calendar year 2018. With regard to Canal Corporation’s operating expenses in excess of $68 million in calendar year 2018, staff is not requesting any action at this time, but will return to the Board to request additional releases, as needed.

Staff has reviewed the effect of releasing up to an additional $27 million in funding at this time on the Authority’s expected financial position and reserve requirements. In accordance with the Board’s Policy Statement adopted May 24, 2011, staff calculated the impact of this release, together with the last
12 months releases including (i) the release of $41 million in Canal related operating expenses for 2017 previously authorized at the July 2017 meeting, (ii) the release of $30 million in Recharge New York Discounts for 2018, (iii) the release of $41 million in Canal related operating expenses for 2018 previously authorized at the December 2017 and March 2018 meetings, (iv) the release of up to $1 million in Western NY Power Proceeds net earnings, and (v) the release of up to $2 million in Northern NY Power proceeds net earnings on the Authority’s debt service coverage ratio and determined it would not currently fall below the 2.0 reference point level. The debt service coverage ratio as calculated per the Board Policy Statement is expected to be at the 2.0 reference point for fiscal year 2018. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to release such amounts from the trust estate created by the Bond Resolution consistent with the terms thereof.

FISCAL INFORMATION

Staff has determined that sufficient funds are available in the Operating Fund to release an additional up to $27 million in funding to support the operation of the Canal Corporation in calendar year 2018. Staff has further determined that such Authority funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s Bond Resolution.

The expenses associated with the operations of the Canal Corporation for calendar year 2018 are included in the Canal Corporation’s revised 2018 O&M Budget.

RECOMMENDATION

The Chief Financial Officer recommends that the Trustees ratify and authorize the release of an additional up to $27 million in funding to support the operations of the Canal Corporation in calendar year 2018. The Chief Financial Officer further recommends that the Trustees affirm that such releases are feasible and advisable, that such funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s Bond Resolution and that the release of such funds is authorized.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Trustees hereby ratify and authorize the release of an additional up to $27 million in funding to the Canal Corporation to support the operations of the Canal Corporation in calendar year 2018, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the amount of up to $27 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented, and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That as a condition to making the payments specified in the foregoing report, on the day of such payments, the Treasurer or the Deputy Treasurer shall
certify that such monies are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.
e. Canal Corporation

   i. Minutes of the Regular New York State Canal Corporation
      Board of Directors' Meeting held on May 22, 2018

      The Minutes of the Regular Meeting held on May 22, 2018 were unanimously adopted.
Abandonment and Sale of Approximately 0.68 Acres of Canal Land Located in the Town of Clifton Park, Saratoga County

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Directors are requested to authorize the abandonment and sale of two small parcels totaling approximately 29,722+ square-feet (0.68 acres) of Canal land (‘Property’) located in the Town of Clifton Park, Saratoga County, to the Schenectady Yacht Club (‘SYC’) for its appraised value of $17,000. This sale will cure minor commercial encroachments. The Property is shown on the map attached hereto as Exhibit ‘4e ii-A.’

BACKGROUND

The SYC, a not-for-profit corporation, has operated a private yacht club on approximately 4 acres of land it owns and approximately 9 acres of Canal Corporation-owned land on the north shore of the Erie Canal/Mohawk River in the Town of Clifton Park since 1957. The SYC used the canal land at this location via revocable permit from 1957 - 2002 when it was granted a lease from the Canal Corporation with an initial term of 20 years with two, 10-year renewal options. The Property is further defined as being two non-contiguous parcels measuring approximately 24,770 square-feet and 4,952 square-feet, respectively, and is a portion of the premises leased to the SYC. Each of the parcels making up the Property contains a portion of a building improvement owned by the SYC. The SYC has requested to purchase the Property so that it can own the land under its building improvements which will allow the SYC to complete some costly renovations on the buildings that is not possible under the lease.

The Property has been determined by staff to be no longer needed for canal purposes, provided that the Canal Corporation reserve: (i) a permanent access easement over the Property for ingress and egress to the contiguous Canal lands leased to the SYC; and (ii) a flowage easement over the Property to further safeguard any liability related to future flooding.

DISCUSSION

As shown on Exhibit 4e ii-A, the Property is located on the north side of the Erie Canal east of Balltown Road. The Property is south and west of land owned by SYC and is a 0.68 acre portion of the approximately 9-acre premises leased to the SYC by the Canal Corporation. The SYC wishes to undertake certain improvements on its buildings partially located on the Property and is not able to secure the financing to do so since the lease term expires in 2022. The SYC has indicated that its lending source requires the Property to be owned or the lease term to be not-less-than fifteen (15) years in order for the SYC to fund its proposed improvements. The SYC has agreed to a purchase price of $17,000 for the Property, and also has agreed to continue to pay its current annual rent despite the reduction in its leased premises.

The Property was appraised by Robinson Appraisal Consultants, LLC for $17,000. Canal land management staff has reviewed the appraisal reports and found the appraiser’s value conclusion of $17,000 to be well-supported and credible.

In accordance with the Public Authorities Law (‘PAL’) and the Canal Corporation’s Guidelines and Procedures for the Disposal of Canal Corporation Real Property (the ‘Guidelines’), the Property may be sold to the SYC by negotiation because the Property contains encroachments that existed under revocable permit issued prior to 1992, and the Property value does not exceed $75,000.
Pursuant to Section 51 of the Canal Law, a Notice of Proposed Abandonment of the Property has been published for three consecutive weeks in a newspaper published in Saratoga County soliciting written comments either in support of, or opposed to, the proposed abandonment.

Title 5-A of Article 9 of the PAL and the Guidelines allow the Canal Corporation, with the approval of the Directors, to dispose of Corporation real property pursuant to Section 2897 of the PAL. The proposed sale of the Property on the terms recommended herein complies with all applicable provisions of law, including the Canal Law, Title 5-A of Article 9 of the PAL, and with the Guidelines.

As the subject property is owned by the People of the State of New York, acting by and through the Corporation, the deed is subject to approval by the NYS Department of Law Real Property Bureau.

FISCAL INFORMATION

Revenues received by the Canal Corporation are required by statute to be deposited into the Canal Development Fund.

RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the abandonment and sale of two small parcels of Canal land, totaling approximately 0.68 acres, located in the Town of Clifton Park, Saratoga County, to the Schenectady Yacht Club for its appraised value of $17,000.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That approximately 0.68 acres of land located in the Town of Clifton Park, County of Saratoga, is no longer useful or necessary as part of the Barge Canal System, as an aid to navigation thereon, or for Barge Canal purposes, excepting an access easement and flowage easement over the property; and be it further

RESOLVED, That pursuant to the provisions of the Canal Law, Section 2897 (6) of the Public Authorities law, Section IV. 4.1. of the Guidelines, including Article 9, Title 5-A of the Public Authorities Law, the Board hereby authorize the abandonment and sale of certain lands totaling approximately 0.68 acres, in the Town of Clifton Park, to the Schenectady Yacht Club for $17,000; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief
Operating Officer, the Director of Canals, the Vice President - Enterprise Shared Services and all other officers of the Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
iii. **Abandonment and Sale of Four Parcels Totaling Approximately 1.61 Acres of Canal Land Located in the Village of Palmyra, Wayne County**

The President and Chief Executive Officer submitted the following report:

"**SUMMARY**

The Directors are requested to authorize the abandonment and sale of four parcels of residually improved land totaling approximately 1.61 acres ('Property') located in the Village of Palmyra, Wayne County ('Village'). The aggregate total consideration for the four lots comprising the Property, further described below, is $70,000. The Property is shown on the map attached hereto as Exhibit '4e iii-A.'

**BACKGROUND**

The Property is a portion of Canal land located on the south side of the Erie Canal in the Village. The Property is situated at the north end of Willow Street, east of Church Street and west of Division Street. The Property has been subdivided into four residential lots, each of which contains a home and/or other privately-owned structures constructed between 1920 and 1942. The Canal Corporation and its predecessors have granted 30-day revocable permits to the owners of the improvements located on the Property, however, in recent years, has practiced a policy of no longer allowing permanent residential structures and curing the hardships caused by these preexisting encroachments by sale when the same can be done without interfering with operations and maintenance of the Canal System. Three of the four parcels that make up the Property contain homes and other improvements owned by one family that has permitted the land since the 1970's.

The Property is further defined as being portions of: Parcel 1- an approximately 0.55-acre waterfront lot; Parcel 2- an approximately 0.267-acre water view lot; Parcel 3- an approximately 0.459-acre water view lot; and, Parcel 4- an approximately 0.33-acre waterfront lot.

The Property has been determined by staff to be no longer needed for Canal purposes, provided that the Canal Corporation reserves a flowage easement over the Property to further safeguard any liability related to future flooding.

**DISCUSSION**

In consultation with the Village, the Property, as subdivided, is considered pre-existing, non-conforming residential lots and the Village supports the proposed sales since it already maintains and have made certain public improvements to Willow Street that provides access to the Property.

The Property was appraised by consultant Christopher Tillett of Bruckner, Tillett, Rossi, Cahill & Associates for the following estimated market values:

- Parcel 1- $25,000
- Parcel 2- $12,000
- Parcel 3- $18,000
- Parcel 4- $15,000

Canal's Real Estate staff has reviewed the appraisal report and found the appraiser's value conclusions to be well-supported and credible.

In accordance with the Public Authorities Law ('PAL') and the Canal Corporation's Guidelines and Procedures for the Disposal of Canal Corporation Real Property (the 'Guidelines'), the Property may be sold to the owners of the improvements located on the Property by negotiation because the Property
contains encroachments that existed under revocable permit issued prior to 1992, and the Property value does not exceed $75,000.

Pursuant to Section 51 of the Canal Law, a Notice of Proposed Abandonment of the Property has been published for three consecutive weeks in a newspaper published in Wayne County soliciting written comments either in support of, or opposed to the proposed abandonment. No comments were received as a result of the Notice.

Title 5-A of Article 9 of the PAL and the Guidelines allow the Canal Corporation, with the approval of the Directors, to dispose of Corporation real property pursuant to Section 2897 of the PAL. The proposed sale of the Property on the terms recommended herein complies with all applicable provisions of law, including the Canal Law, Title 5-A of Article 9 of the PAL, and with the Guidelines.

As the subject property is owned by the People of the State of New York, acting by and through the Corporation, the deed is subject to approval by the NYS Department of Law Real Property Bureau.

FISCAL INFORMATION

Revenues received by the Canal Corporation are required by statute to be deposited into the Canal Development Fund.

RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the abandonment and sale of four parcels of residentially improved land totaling approximately 1.61 acres, located in the Village of Palmyra, Wayne County, for its appraised value of $70,000.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That approximately 1.61 acres of land located in the Village of Palmyra, County of Wayne, is no longer useful or necessary as part of the Barge Canal System, as an aid to navigation thereon, or for Barge Canal purposes, excepting a flowage easement over the property; and be it further

RESOLVED, That pursuant to the provisions of the Canal Law, Section 2897 (6) of the Public Authorities law, Section IV. 4.1. of the Guidelines, including Article 9, Title 5-A of the Public Authorities Law, the Board hereby authorize the abandonment and sale of certain lands totaling approximately 1.61 acres in the Village of Palmyra, as the same may be subdivided, to the owners of the improvements located on the property existing under revocable permit issued pursuant to the Canal Law, for the market value of $70,000; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Corporation that may be deemed necessary or desirable to carry
out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Director of Canals, the Vice President - Enterprise Shared Services and all other officers of the Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
iv. Acquisition of Approximately 16 Acres of Land  
Located in the Town of Danube, County of Herkimer

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Directors are requested to authorize the acquisition by purchase or eminent domain of a fee interest in a vacant parcel of real property comprising approximately 16 acres (the ‘Property’) located in the Town of Danube, Herkimer County. The Property, shown on the attached Exhibit ‘4e iv-A,’ will serve as an additional disposal site for the Corporation’s dredging program. Consideration for this acquisition is $20,000.

BACKGROUND

The Canal Corporation has a statutory obligation to maintain a usable channel depth for navigation throughout the Canal System. The Corporation’s environmental permits for its dredging activities require that all dredged material be placed into regulated Upland Disposal Sites (‘UDS’) developed and maintained by the Corporation. The Property is located near the confluence of the Nowadaga Creek and the Erie Canal which is a high-volume dredging area requiring maintenance and dredging every 2-3 years. There are three existing UDS’s in close proximity of the Property; however, all are at or near their physical capacity.

DISCUSSION

The Property is located on the south side of the Mohawk River, north of the Erie Canal adjacent to UDS 4-05, north of UDS 4-04, and west of UDS 4-03. The Property has approximately 1,200 feet of frontage on the south shoreline of the Mohawk River and averages 500 feet in width.

Staff became aware that the Property was available for purchase when the owners contacted the Corporation’s Real Estate department for permits for posting Canal land near the Property to market its availability to the public. After a determination was done that the Property would be useful as an additional UDS at this location, a review of comparable properties and market values was undertaken. Based on an analysis of comparable properties found in the market, Real Estate staff was able to negotiate a price of $1,250 per acre, or $20,000 as total consideration for the Property. This price is believed by staff to be reasonable given the market alternatives and the need for additional spoil storage capacity at this location.

Acquisition of the Property will allow the Canal Corporation to develop a new UDS that would have an estimated 30 to 50-year life. All other alternatives for rehabilitating or emptying the other spoil sites at this high-volume dredging area are not feasible due to the excessive cost of transporting and disposing of the material into a regulated landfill.

Acquisition of the Property is subject to completion of appropriate due diligence, including verification of title, satisfying the Corporation’s obligations under the State Environmental Quality Review Act (‘SEQRA’), and environmental testing, if required.

FISCAL INFORMATION

Funds required for the property acquisition will come from the Corporation’s Capital Fund.
RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the acquisition of a vacant parcel of real property of approximately 16 acres located in the Town of Danube, Herkimer County, for its appraised value of $20,000.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the provisions of the Canal Law and the Guidelines and Procedures for the acquisition of real property by the Canal Corporation, the Corporation hereby finds it necessary to acquire by purchase or eminent domain the real property shown on the map attached hereto as Exhibit “4e iv-A” and hereby finds and determines that acquisition of such real property is necessary to serve as the site of a new Upland Disposal Site for depositing dredged spoils; and be it further

RESOLVED, That acquisition of the property, in accordance with the terms authorized at this meeting, is subject to completion of appropriate due diligence, including verification of title, satisfying the Corporation’s obligations under the State Environmental Quality Review Act (“SEQRA”), and environmental testing; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Director of Canals, the Vice President - Enterprise Shared Services and all other officers of the Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
v. Acquisition of Real Property –
649 Harbor Way, City of Rome, County of Oneida

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Directors are requested to authorize the acquisition by purchase or eminent domain of approximately 2.7 acres of real property, together with a 21,000 square-foot structure and other improvements (‘Property’), located at 649 Harbor Way in the City of Rome, Oneida County. The Property, shown on the attached Exhibit ‘4e v-A,’ will serve as the new location of the Canal Corporation’s Utica region maintenance facility. Consideration for this acquisition is $2,900,000.

BACKGROUND

Legislation passed in 2008 required the Corporation to vacate its maintenance facility located on the Utica ‘inner harbor’ and convey its real property there to a local development corporation established by the City of Utica in support of planned redevelopment of the harbor area. Several options for this relocation were considered, including the construction of a new facility on other lands owned by the Corporation, but time and cost constraints made this impractical and it was determined that acquisition of an existing structure was preferable. NYPA’s Real Estate staff was requested to begin a search for a suitable relocation site in the greater Utica area.

DISCUSSION

The Real Estate staff was requested to locate space meeting the following general criteria: 20,000-25,000 square-feet of industrial/warehouse space located within 15 miles of the existing facility, preferably in Oneida County; reasonable access to highways and the Canal; adequate outside acreage for equipment and material storage; a structure capable of accommodating an overhead crane of at least 10-ton capacity; and high bay areas and overhead doors sufficient to accommodate the indoor repair of vehicles and equipment. Virtually no structures on the market in the Oneida County area met these requirements. Staff investigated multiple possible locations, all but one of which were old, in poor condition, and would have required an inordinate investment to make them functional.

The only viable site identified in the search was 649 Harbor Way in Rome. The property, approximately 14 miles west of Utica, is on 2.7 acres and includes a 21,000 square-foot structure, built in 2012, with a high-bay door and a built-in 20-ton crane. Although the overall lot is small, there is other property nearby that could be acquired for storage. MSP, LLC, the building owner, was initially asking $3,250,000. Staff was able to negotiate a price of $2,900,000, which it believes is reasonable given the lack of market alternatives and the imminent need to vacate the Utica property.

The Property was formerly the location of a cable-making factory. It was declared a superfund site prior to construction of the current structure. While the contamination has been remediated to permit commercial uses, the Property remains subject to NYS Department of Environmental Conservation oversight to ensure that future uses of the site are consistent with the remedial objectives. Acquisition of the Property is subject to the Corporation’s completion of appropriate due diligence, including environmental site assessment, structural inspections and title review, as well as any required approvals from governmental entities.

As half of the space is currently leased, the acquisition is also subject to the owner’s ability to terminate this lease. The Owner has advised that it expects to reach an agreement with the tenant in this regard.
FISCAL INFORMATION

Funds required for the property acquisition will come from the Corporation’s Capital Fund.

RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the acquisition of approximately 2.7 acres of real property, located at 649 Harbor Way in the City of Rome, Oneida County for a consideration of $2,900,000.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the provisions of the Canal Law and the Canal Real Property Management Policy, the Corporation hereby finds it necessary to acquire by purchase or eminent domain the real property shown on the map attached hereto as Exhibit “4e v-A” and hereby finds and determines that acquisition of such real property is necessary to serve as the site of its relocated Utica maintenance facility, and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Director of Canals, the Vice President - Enterprise Shared Services and all other officers of the Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
vi. **Procurement (Services) Contract – Statewide Dam Safety Engineering Services – Contract Award**

The President and Chief Executive Officer submitted the following report:

“**SUMMARY**

The Board of Directors (‘Board’) is requested to approve the award of a two-year contract with an option for three, one-year extensions for the Statewide Dam Safety Engineering Services in the not-to-exceed contract amount of $5,000,000 to Bergmann Associates (‘Bergmann’) located in Rochester, New York.

In accordance with the Canal Corporation’s Expenditure Authorization Procedure, the award of contracts with a value of more than $2,000,000 or for a period of more than one year, or both, requires the approval of the Board.

**BACKGROUND**

The Canal Corporation (‘Corporation’) seeks to retain a qualified engineering firm to provide dam safety engineering services. The Corporation’s previous contract for dam safety engineering services expired in April 2018.

The proposed contract would provide the Corporation with support in performing dam safety risk analysis/evaluations and assist the Corporation by providing hydraulic and hydrologic studies pertaining to dam safety. Additional services would include performing a comprehensive dam breach analysis; developing a dam safety program policy; providing on-call assistance for future projects involving dam repair and design; and assisting the Corporation in complying with all applicable rules and regulations. The primary objective of this contract would be to assist the Corporation on an as needed, on-call basis on a broad spectrum of projects and tasks regarding dam safety.

**DISCUSSION**


In evaluating the proposal, the Corporation utilized a two-part selection process. In the first phase of the evaluation process, the Corporation evaluated the proposals and assigned a point system based on understanding of assignments, firm experience, staff experience, availability of staff, past performance, sub-consultants to be utilized by the successful offeror and special knowledge.

A complete bid review and price assessment was needed to identify qualified consultant to support the Corporation’s projects and supply expertise necessary to satisfy state and federal regulations. After a review of the bids received, the Corporation recommends the award of a contract to Bergmann which is technically and commercially qualified and meets the bid requirements as the lowest-priced bidder among responsive and responsible offerors.

The intended term of this contract is for two years, with the possibility of three, one-year extensions. Individual tasks will be assigned by issuance of a Purchase Order Release against the established value contract.
FISCAL INFORMATION

Services under this contract will be provided on an ‘as-needed’ basis and/or availability. Payments associated with this project will be made from the Corporation’s Capital or Operating Fund, as appropriate.

RECOMMENDATION

The Deputy Director of Engineering and Maintenance recommends that the Board approve the award of a two-year contract with an option for three, one-year extensions for Statewide Dam Safety Services in the not-to-exceed amount of $5,000,000 to Bergmann Associates.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Corporation’s Expenditure Authorization Procedures, Approval is hereby granted to award a two-year Contract, with the possibility of three, one-year extensions, for the total amount of $5,000,000 to Bergmann Associates, Rochester, NY, as recommended in the foregoing report of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Location</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bergmann Associates</td>
<td>Rochester, NY</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

K18-10265464JO

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, and all other officers of the Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
5. **DISCUSSION AGENDA:**

   a. **Strategic Initiatives**

      i. **President and Chief Executive Officer’s Report**

      President Quiniones provided highlights of the Authority’s performance, to date, to the Board (Exhibit “5a i-A”).

      President Quiniones said that earlier today, the Cyber and Physical Security Committee met and Trustee Balboni, who chairs that committee, would provide a report to the Board.

   **Strategy Implementation**

   Mr. Doug McMahon, Vice President of Strategy, will provide a high-level progress report on the Authority’s Moonshot Strategy.

   **Operational Performance**

   Mr. Joseph Kessler, Chief Operating Officer, will provide a status update of NYPA’s utility generation and transmission operations and a report on the negotiations of union contracts with NYPA and Canals.

   In addition, the Board will receive updates on NYPA’s commercial operations, including some very important allocations of economic development power across the state, from Mr. Dominick Luce.

   **Financial Performance**

   Mr. Robert Lurie, the Authority’s Chief Financial Officer, will provide a report on NYPA’s financial performance year-to-date and the year-end projections.

   **Puerto Rico**

   The Authority ended its mutual aid assistance to PREPA, the utility in Puerto Rico, in May. The Authority will continue to help PREPA on an “as-needed” basis, providing technical assistance to help stabilize the grid and to help enhance PREPA’s emergency management plans. NYPA and New York State, in particular, SUNY and CUNY, are continuing significant assistance in Puerto Rico as the Governor continues to help our fellow citizens in Puerto Rico following hurricane Maria.

   **NYPA Eureka Innovation Contest**

   The Authority conducted an innovation contest, Eureka. Kristine Pizzo and Steve Kalashian who led that effort will give an update to the Board.

   **NYPA’s Overall Performance**

   Regarding the Authority’s scorecard, President Quiniones said that the Authority is meeting its projections. He pointed out, however, that although the DART (Days Away Restricted or Transferred) Rate is reported as “Below Target,” the Authority set an extremely high stretched goal for that matrix because safety is very important to NYPA and its operations. President Quiniones said that he wanted to report and reassure the Board that there were no significant or major injuries associated with that rating.
President Quiniones continued that the teams at both NYPA and the Canal Corporation are energized; the state of the Authority is very good and the organization will meet both its operational and financial performance goals as it continues to advance its strategic initiatives.

President Quiniones ended by saying that staff will report on the acceleration of NYPA’s existing six strategic initiatives at the September Board meeting.
b. Enterprise Risk Management

i. **Chief Risk Officer’s Report**

Mr. Soubhagya Parija, Chief Risk Officer, provided highlights of Risk Management’s activities to the Board (Exhibit “5b i-A”).

Mr. Parija said that the annual risk assessment was completed in June. The process ensures not only that top risks are identified but also that mitigation strategies are planned and in place. A large cross-section of NYPA staff, management and the Executive Management Committee, including the Chief Executive Officer, are involved in the risk assessment process. In addition, the risk management process incorporated external outreach programs, surveys, benchmarking and workshops and conversing with industry experts.

Risk Management follows the industry trends very closely so that staff can have an objective interpretation of the risks that the Authority, as an organization is facing. In addition to Risk Management’s standard processes, staff looked at all of the risks in terms of NYPA’s Strategic Plan and considered the changing risk profile of NYPA due to the strategies of digitization and various moonshot/2X projects.

**Enterprise and Emerging Risks**

Cyber Security -- cyber security remains the most important risk for the Authority, especially taking into consideration NYPA’s course towards digitization.

Customer Energy Choices and Disruptive Innovation - although resulted in huge opportunities, it carries significant risks for the Authority.

Attract and Sustain Qualified Workforce -- This risk is not unique to NYPA; the entire utility industry faces this risk. This is a challenge because it is not only about finding people, but finding the right people for NYPA. Kristine Pizzo and the Human Resources team are doing excellent work in terms of getting the right personnel for the Authority.

Sustained Low Energy Prices -- Low energy prices remain an important financial risk to the Authority.

**Emerging Risks**

Data Governance and Management -- Risk Management recommended the establishment of a Data Governance committee. The Digital Transformation Office (“DTO”), led by Ms. Daniella Piper, Vice President of the DTO, will establish ways to monitor and protect its data.

Third-Party Risk Management -- Risk Management has taken significant steps with its owner-controlled insurance program to expand the Authority’s risk mitigation efforts towards third-party risk management.

**Canal Corporation (Canals) Risk Assessments**

Risk Management recently completed the Canals Risk Assessment workshop, focusing on two extremely important risks, namely, aging infrastructure and Capital investment plan. Canals’ management and staff were supportive during this workshop. Risk Management staff is in the process of analyzing all of the results and will report its findings to the Board at the next meeting.

Risk Management’s staff has been working with Canals prior to this risk assessment and has put together a Self-insured Workers’ Compensation program, which has resulted in savings of approximately $560,000, to date. In addition, Risk Management have put together a Property Insurance program;
reviewed the capital investment plans with regard to its high urgency, high risk assets; and have formalized business continuity plans for Canals' administration and operations.
c. Strategy and Finance

i. Chief Financial Officer’s Report

Mr. Robert Lurie, Executive Vice President and Chief Financial Officer, provided the financial report to the Board. He said that, year-to-date, the Authority is slightly ahead of the budget plan; however, the Authority expects to be on target at the year’s end. (Exhibit 5c i-A)

Year-to-Date Variance from Budget

Net Income

Net Income through June 30, is approximately $17 million above budget. This was largely due to revenues from Margins (Energy and Transmission) which were slightly ahead of the forecast and Operating expenses which were less than budgeted.

2018 Year-End Budget vs Forecast

Margins

There were offsets in the form of energy prices, and energy services revenues, which were slightly below the Budget Plan.

Operating Expenses

• Strategic Initiatives

In keeping with the Board’s direction to explore areas that the Authority can accelerate its strategic initiatives, staff has made a conscious decision to find ways that the Authority can invest further in some of the positive return projects mentioned to the Board over the past several months. For example, in the area of Strategic Supply Management where the Authority is digitizing its purchasing procedures using ARIBA and other software.

In its efforts to transition to a digital utility, changes in technology and process improvements and operations using new technology are areas utilized by the Authority’s Digital Transformation Office for accelerating the Authority’s strategies and decisions to gain the benefits of those various investments as soon as possible.

• Canals / Syracuse Inner-Harbor Project

Work is being accelerated on the Syracuse Canal Inner-Harbor Project, which is a dredging project to further economic development in the Syracuse Inlet Harbor.

Net Operating Income

The Net Operating Income is on target.

Mr. Lurie introduced Mr. Lee Garza NYPA’s new Senior Vice President of Finance, who will be responsible for the day-to-day operations in the Finance Department, including budgeting, accounting, financial planning and treasury. He ended by saying that Mr. Garza has a long career in investment banking and corporate finance, and will be a great addition to the team.
ii. **Moonshot Update**

Mr. Doug McMahon, Vice President of Strategy, provided an update on the progress that has been made on the Moonshot strategy. He said that in May, NYPA introduced three new potential investment areas that were aligned to its 2020 Strategic Plan and the strategic initiatives established under the Plan. These investment areas would help the State attain its greenhouse gas reduction and renewable energy generation goals.

1. **Electric Vehicle (EV) Acceleration**

   The EV acceleration program focuses on the demand side of the Authority’s business. At its meeting in May, the Board approved an investment of $40 million, through year-end of 2019, to accelerate EV adoption across the state. This investment will focus on three programs:

   I. Broadening and strengthening DC fast-charge rollout across the state. Progress has been made in this effort in the last three months, particularly in the area of identifying optimal sites for the DC fast chargers;

   II. Dialoguing with municipal and cooperative customers to gauge interest in partnering with NYPA in a model EV community. Staff will report to the Board later in the year regarding the goals for this investment; and

   III. In partnership with the Port Authority, the Authority has identified a potential site at JFK for a New York City Airport DC fast-charging hub. Staff is now working with the Port Authority on its implementation.

   One of the key objectives of the EV acceleration program is to encourage private and public partnership in specific initiatives with the aim to maximize the impact of the Authority’s investment while complimenting it with other investments. More importantly, the Authority wants to accelerate longer-term sustainable private investment and EV infrastructure across New York State. To that end, the Authority issued an RFI for the purpose of encouraging dialogue between NYPA and the developer, finance, technology and service provider communities to look for opportunities for the Authority to co-invest, co-market, and collaborate on exploring new EV business models.

2. **Clean Generation**

   The focus of clean generation is on new forms of energy supply that will radically transform the energy mix in New York. Based on return and clean generation, NYPA plans to explore how it can help the state reach its renewables and offshore wind goals. To that end, over the last three months NYPA began to take a closer look at offshore wind in New York state to see whether there are opportunities for it to accelerate the reduction in cost and price of offshore wind as the state looks to build-out the 2400 megawatts of offshore wind between now and 2030.

   NYPA intends to study how other, more mature, offshore wind geographies have been doing and to learn from their experiences. Consequently, in collaboration with Con Edison, LIPA, NYSERDA and NYISO, NYPA plans to announce a European offshore wind study to identify potential, system-wide transmission and interconnection infrastructure strategies that it could deploy to support offshore wind in New York State. In addition, NYPA plans to explore the financial and business models and the ownership structures that have formed part of the offshore wind projects undertaken in Europe and see what lessons it can learn and then be able to inform, not just itself, but all of its potential partners in New York and elsewhere.
3. **Flexibility for a Carbon-Free Future**

Carbon-free flexibility relates to matching demand to supply to help the Authority create a low-cost, flexible, clean and reliable energy future. As the Authority continues to build-out intermittent renewables onto the grid, the energy system will have to get used to handling new challenges or unpredictability in the demand side of the Authority’s business, and increasing amounts of variability in the supply side of its business.

The Authority is hopeful that carbon-free flexibility, storage projects and demand response programs will ensure that the consumers of low-cost, clean power can get access to these renewables when they need it the most. To that end, the Authority plans to make strategic investments in grid-scale distribution level and customer level storage. The Authority wants to make sure that it is investing in projects that are not only economical, but will also allow the Authority to test and scale some of the new value streams that flexibility is potentially going to present as the market matures.

Secondly, the Authority is considering harnessing the customer power of its New York Energy Manager platform to see if it can build-out a demand response program for its customers.

Thirdly, the Authority wants to encourage a data-sharing ecosystem with other participants of flexibility in the state so that they can work together to mature the flexibility market.

Finally, the Authority will focus on storage projects that will not only stand on their own economically, but also give the Authority an opportunity to test and validate new projects as the market matures.
d. **Utility Operations Report**

i. **Chief Operations Officer’s Report**

Mr. Joseph Kessler, Chief Operations Officer, provided an update of the Utility Operations’ activities to the Board (Exhibit “5d i-A”). He said that overall, the Authority’s operational performance metrics exceeded their targets.

**Performance Measures - Year End December 2017**

- **Generation Market Readiness**
  - Generation Market Readiness factor was at 99.86%. This is above the target of 99.40%.

- **Transmission reliability**
  - Transmission reliability factor was 95.94%. This is above the target of 95.84%.

- **Environmental Incidents**
  - Year-to-date, there were 7 environmental incidents. The target is not to exceed 14 incidents.

- **Safety**
  
  DART (Days Away, Restricted or Transferred) is the Authority’s safety metrics.
  
  - The year-to-date DART Rate is .87. The target is 0.78.
1. Labor Contracts – IBEW (NYPA) and PEF (CANAL)


The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve a contract extension agreement to the Collective Bargaining Agreement ('Agreement') (Exhibit '5d i-1a-A'), dated May 15, 2018 between the Authority and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers ('IBEW'). The term of the extension, if approved, will have an effective date of April 1, 2019 and will expire on March 31, 2022. It covers over 550 represented employees at the Authority's Blenheim-Gilboa Pumped Storage Project ('B-G'), Frederick R. Clark Energy Center ('Clark'), Niagara Power Project ('Niagara') and St. Lawrence/ FDR Power Project ('St. Lawrence').

BACKGROUND

The Authority and the IBEW have been parties to collective bargaining agreements since 1961. This Agreement is a contract extension to the current general agreement negotiated between the parties which expires on March 31, 2019.

The Authority's negotiating committee consisted of Carol Geiger-Wank, Chief of Staff and Vice President - Labor, Lori Alesio, Assistant General Counsel, Human Resources & Labor Relations, Ed Rider, Regional Manager-Northern NY, Brian Saez, Regional Manager-Central Region, Eric Firnstein, Regional Labor Relations Manager & St. Lawrence HR Manager, and Dawn McDonald, Niagara Facility Labor Relations Manager. The IBEW was represented by its Business Managers from both locals as well as other union officials from each facility where the IBEW represents employees at the Authority.

The parties engaged in limited negotiations for a three-year extension to the current contract and reached agreement on the terms on May 15, 2018. The Agreement was ratified by the Union membership on July 12, 2018. This new Agreement, which is pending approval of the Trustees, has a prospective effective date of April 1, 2019.

DISCUSSION

The term of the extension Agreement runs from April 1, 2019 through March 31, 2022. Other provisions include:

1) Wage Increase

The Agreement provides for a general wage increase of 2% effective April 1, 2019; 2.0% effective April 1, 2020; and 2.0% effective April 1, 2021.

2) Medical and Other Benefits

The parties built upon escalating employee health insurance contribution amounts to maintain the cost sharing achieved in the last contract. Additionally, the parties agreed to legacy changes to certain elements of the pharmacy plan which resulted in greater alignment with industry standards.

3) The parties also agreed to the creation of joint committees to review and update negotiated documents to leverage digitization.
FISCAL INFORMATION

The general wage increases in 2019, 2020 and 2021 are consistent with the Authority’s long-term financial forecast. The estimated incremental annual costs are:

2019  $1.0M
2020  $1.3M
2021  $1.3M

Payments will be made from the Operating Fund.

RECOMMENDATION

The Executive Vice President and Chief Operations Officer, the Senior Vice President Power Supply and I recommend that the Trustees approve the contract extension to the Collective Bargaining Agreement between the Authority and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers union.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Mr. Joseph Kessler provided highlights of staff’s recommendations to the Board. He said that, in March, the Trustees approved the Successor Agreement with the Canals’ Civil Service Employee Association (“CSCA”), which represents about 350 workers at Canals. The Trustees were requested to approve the Successor Agreement for the Professional Employees Federation (“PEF”), which represents about 60 professional at Canals. In addition, the Trustees were requested to approve a contract extension between NYPA and its largest union, the International Brotherhood of Electrical Workers (“IBEW”).

Upon motion made by Trustee Trainor and seconded by Vice Chairman Nicandri, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, that the Chief of Staff to the Chief Operations Officer and Vice President of Labor be, and hereby is, authorized on behalf of the Authority to execute a Collective Bargaining Agreement with Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers covering specified operating and maintenance employees of the Authority’s facilities with changes to that Agreement as described in the foregoing report and attached summary (Exhibit “5d i-1a-A”), subject to approval of the Chief Operating Officer and the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
b. Collective Bargaining Agreement between the Canal Corporation and Unit V, Public Employees Federation Division 504, AFL-CIO – Successor Agreement

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Board of Trustees are requested to approve the Collective Bargaining Agreement (‘Agreement’) (Exhibit ‘5d i-1b-A’), dated June 12, 2018, between the Canal Corporation and Unit V, Public Employees Federation, Division 504, AFL-CIO (‘PEF’). The term of the Agreement, if approved, will have an effective date of July 1, 2012 and will expire on June 30, 2022. It covers employees at the Canal Corporation facilities throughout the state.

BACKGROUND

The Canal Corporation and PEF have been parties to collective bargaining agreements prior to Canal Corporation’s transfer to the Power Authority on January 1, 2017. This Agreement is the successor negotiated collective bargaining agreement which expired in 2012.

The Canal Corporation’s negotiating committee consisted of Joseph Bress, Consultant; Authority representatives Carol Geiger-Wank, Chief of Staff and Vice President - Labor, and Lori Alesio, Assistant General Counsel, Human Resources & Labor Relations; and Canal Corporation’s staff Lisa Wright, Manager, Administrative Services, Nancy Bowen, Director of Human Resources, and Joseph Moloughney, Eastern Division Canal Engineer. The PEF was represented by its field leadership team of Debra Greenberg and Caitlin Janiszewski as well as Canal staff in PEF leadership positions.

A tentative agreement was reached by the parties on June 12, 2018, six years after the expiration of the 2009-2012 Agreement. This new Agreement, which pending approval of the Board of Trustees, has a retroactive effective date of July 1, 2012. PEF ratified the Agreement on July 20, 2018.

DISCUSSION

The term of the Agreement runs from July 1, 2012 through June 30, 2022.

I. Wage Increases

The Agreement provides for a $1,000 non-pensionable lump-sum payment to be paid to employees who were on the payroll on January 1, 2017 and on the date of the contract ratification.

The Agreement provides for a general wage increase of 2% effective July, 2015; 2.0% effective July 1, 2016; 2.0% effective July 1, 2017; 2.0% effective July 1, 2018; 2.0% effective July 1, 2019; 2.0% effective July 1, 2020; and 2.0% effective July 1, 2021. There were no negotiated wage increases for the years 2012 through 2014.

II. Medical and Other Benefits

The parties built upon escalating employee monthly health insurance contribution amounts for benefits upon the Board’s ratification and continuing throughout the contract term as follows:
**Hired prior to July 29, 2005 – currently not contributing**

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual / Family</th>
</tr>
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<tbody>
<tr>
<td>Upon Board ratification</td>
<td>7% / 9%</td>
</tr>
<tr>
<td>1/1/19</td>
<td>8% / 12%</td>
</tr>
<tr>
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</tr>
<tr>
<td>1/1/21</td>
<td>10% / 20%</td>
</tr>
<tr>
<td>1/1/22</td>
<td>10% / 25%</td>
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**Hired on or after July 29, 2005 – Currently Contributing**

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<tr>
<th>Year</th>
<th>Individual / Family</th>
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<td>10% / 25%</td>
</tr>
<tr>
<td>1/1/22</td>
<td>10% / 25%</td>
</tr>
</tbody>
</table>

**New Hires Upon Board Ratification**

New hires shall pay 16% / 31%

Other benefit plan changes include domestic partner coverage benefits, provisions for opting out of the health care plan, and an expanded provision for an exchange of employee vacation, personal leave or compensatory time credits to be applied towards health insurance premiums.

**III. Retiree Medical Coverage**

The Agreement provides significant changes in the area of retiree medical benefits which include a change from a current contribution of 0% for some for individual coverage:

- After Board ratification, retiree medical contribution in retirement shall be 6% for individual coverage and 25% for family coverage.
- Effective January 1, 2022, active employee medical contribution in retirement shall be 10% for individual coverage and 25% for family coverage.
- Those hired into Canals after Board ratification who retire shall pay 16% for individual coverage and 31% for family coverage.

The combined changes to retiree benefits establish a platform for financial savings beginning with minimal impact in 2018 and gradually increasing over the term of this contract.

**IV. Work Rules and other Changes**

Several work rule changes were effectuated to include an annual carryover limit to compensatory time; the establishment of new hiring wage rates to align with other State wage scales; increased reimbursement for safety boots; increased meal allowance; and a navigation stipend for certain titles during the Canal’s Navigation season. The parties also agreed to housekeeping items that update the terms of the contract.

**FISCAL INFORMATION**

The 2015, 2016 and 2017 retro wage increase, 2018 lump-sum payments amounts and general wage increases for the 2015 - 2021 period are consistent with the Canal Corporation's long-term financial forecast.
The estimated incremental annual costs are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
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<tbody>
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<td>2017-2018</td>
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<td>2020-2021</td>
<td>$0.6M</td>
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<td>2021-2022</td>
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Payments will be made from the Operating Fund.

RECOMMENDATION

The Executive Vice President and Chief Operations Officer recommends that the Board of Trustees approve the Collective Bargaining Agreement between the Canal Corporation and Unit V, Public Employee Federation, Division 504, AFL-CIO, effective July 1, 2012.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Upon motion made by Trustee Trainor and seconded by Trustee McKibben, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, that the Manager, Administrative Services be, and hereby is, authorized on behalf of the Canal Corporation to execute a Collective Bargaining Agreement with Unit V, Public Employee Federation, Division 504, AFL-CIO, effective July 1, 2012 and with an expiration date of June 30, 2022, covering specified operating and maintenance employees of the Canal Corporation facilities with changes to that Agreement as described in the foregoing report and attached summary (Exhibit “5d i-1b-A”), subject to approval of the form thereof by the Chief Operating Officer and the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
a. **Commercial Operations Update**

i. **Chief Commercial Officer’s Report**

Mr. Dominick Luce, Acting Chief Commercial Officer, provided highlights of the Commercial Operations’ year-to-date activities to the Board (Exhibit “5e i-A”).

**Wholesale**

- **Customer Usage**
  
  Customer usage for the reporting period was in line with the forecast and trending within budget.

- **Generation**
  
  Hydro flows have increased in the upstate region; as a result, generation at the hydro facilities is above the target. In the downstate region, the fossil units are only running when they can cover the higher fuel costs; this resulted in a decrease just below the budget.

- **Electric Prices**
  
  Electric prices are above budget. However, there is a relative difference between upstate and downstate prices where the downstate prices are higher due to the influence of the natural gas markets, and the fossil generators where the prices are more sensitive to heat waves.

- **Fuel Prices**
  
  Natural gas costs for June were within budget. However, year-to-date actuals are still reflecting the higher prices experienced during the unseasonably colder temperatures in January and April as compared to the budget.

Overall, based on current trends, actuals for the wholesale sector are projected to fall within the budget forecast by year’s end.

**Economic Development**

Economic development is trending positively. With respect to Recharge New York, 747 megawatts out of 910 MW have been allocated to customers, with all economic development programs accounting for nearly 400,000 jobs and $34 billion of committed capital investments.

**Customers**

Customer investments are above budget, mainly due to projects and construction progressing ahead of schedule and the addition of new, unplanned projects.

Net revenues for the period were above budget due to increase in investments.

Operating expenses were slightly below budget.
1. Economic Development Allocations and Award

a. Recharge New York Power Allocations

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to:

1. award allocations of Recharge New York (‘RNY’) Power available for ‘retention’ purposes to the businesses listed in Exhibit ‘5e i-1a-A’ in the amounts indicated on Exhibit ‘5e i-1a-A’;

2. award allocations of RNY Power available for ‘expansion’ purposes to the businesses listed in Exhibit ‘5e i-1a-B’ in the amounts indicated on Exhibit ‘5e i-1a-B’; and

3. award allocations of RNY Power available for eligible small businesses and not-for-profit corporations to the entities listed in Exhibit ‘5e i-1a-C’ in the amounts indicated on Exhibit ‘5e i-1a-C’.

These actions have been recommended by the Economic Development Power Allocation Board (‘EDPAB’) at its August 6, 2018 meeting.

BACKGROUND

On April 14, 2011, Governor Andrew M. Cuomo signed into law the RNY Power Program as part of Chapter 60 (Part CC) of the Laws of 2011 (‘Chapter 60’). The program makes available 910 megawatts (‘MW’) of ‘RNY Power,’ 50% of which will be provided by the Authority’s hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts can be for a term of up to seven years in exchange for job and capital investment commitments.

RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Specifically, Chapter 60 provides that at least 350 MW of RNY Power shall be dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid and Rochester Gas and Electric utility companies; at least 200 MW of RNY Power shall be dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide; and up to 100 MW shall be dedicated for eligible not-for-profit corporations and eligible small businesses statewide.

Under the statute, ‘eligible applicant’ is defined to mean an eligible business, eligible small business, or eligible not-for-profit corporation, however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations. At its meeting on April 24, 2012, EDPAB defined a retail business as a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services, consistent with the rules previously promulgated by EDPAB for implementation of the Authority’s Economic Development Power program.

Prior to entering into a contract with an eligible applicant for the sale of RNY Power, and prior to the provision of electric service relating to a RNY Power allocation, the Authority must offer each eligible applicant that has received an award of RNY Power the option to decline to purchase the RNY Market Power component of such award. If the applicant declines to purchase the RNY Market Power component from the Authority, the Authority has no responsibility for supplying RNY Market Power component of the award.
As part of Governor Andrew M. Cuomo’s initiative to foster business activity and streamline economic development, applications for all statewide economic development programs, including the RNY Power Program, have been incorporated into a single on-line Consolidated Funding Application (‘CFA’) marking a fundamental shift in how State economic development resources are marketed and allocated. Beginning in September 2011, the CFA was available to applicants. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State’s efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on the following criteria set forth in the statutes providing for the RNY Power Program (the ‘RNY Statutes’):

‘(i) the significance of the cost of electricity to the applicant’s overall cost of doing business, and the impact that a recharge New York power allocation will have on the applicant's operating costs;

(ii) the extent to which a recharge New York power allocation will result in new capital investment in the state by the applicant;

(iii) the extent to which a recharge New York power allocation is consistent with any regional economic development council strategies and priorities;

(iv) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;

(v) the applicant's payroll, salaries, benefits and number of jobs at the facility for which a recharge New York power allocation is requested;

(vi) the number of jobs that will be created or retained within the state in relation to the requested recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a recharge New York power allocation;

(vii) whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a recharge New York power allocation;

(viii) the significance of the applicant's facility that would receive the recharge New York power allocation to the economy of the area in which such facility is located;

(ix) the extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a recharge New York power allocation;

(x) whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the authority;

(xi) the extent to which a recharge New York power allocation will result in an advantage for an applicant in relation to the applicant’s competitors within the state; and

(xii) in addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the allocation is requested is located.’
Based on the evaluation of these criteria, the applications were scored and ranked. Evaluations also considered scores provided by the relevant Regional Economic Development Council under the third and eighth criteria.

In arriving at recommendations for RNY Power for EDPAB’s consideration, staff, among other things, attempted to maximize the economic benefits of low-cost NYPA hydropower, the critical state asset at the core of the RNY Power Program, while attempting to ensure that each recipient receives a meaningful RNY Power allocation.

Business applicants with relatively high scores were recommended for allocations of retention RNY Power of 50% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit corporation applicants that scored relatively high were recommended for allocations of 33% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs were recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocations have been awarded by the Trustees on nineteen prior occasions spanning from April 2012 through December 2017. Of the 200 MW block of RNY Power made available pursuant to Chapter 60 for business ‘expansion’ purposes, 94.3 MW remain unallocated. Of the 100 MW of RNY Power that is set aside for not-for-profit corporations and small businesses pursuant to Chapter 60, 7.3 MW remain unallocated. Of the remaining RNY Power made available pursuant to Chapter 60, 57.3 MW remain unallocated.

These figures reflect Trustee actions on RNY Power applications taken prior to any actions the Trustees take today.

DISCUSSION

1. Retention-Based RNY Power Allocations – Action Item

The Trustees are asked to address applications submitted via the CFA process for RNY Power retention-based allocations. Unless otherwise indicated in Exhibit ‘5e i-1a-A,’ these applications seek a RNY Power allocation for job retention purposes only.

Consistent with the evaluation process as described above, EDPAB recommended, at its August 6, 2018 meeting, that RNY Power retention allocations be awarded to the businesses listed in Exhibit ‘5e i-1a-A.’ Each business has committed to retain jobs in New York State and to make capital investments at their facilities in exchange for the recommended RNY Power allocations.

The RNY Power ‘retention’ allocations identified in Exhibit ‘5e i-1a-A’ are each recommended for a term of seven years unless otherwise indicated. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power assuming that the Authority concurs with EDPAB and makes an allocation award. The RNY Power contract form contains provisions addressing such things as effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain mutually agreed-upon commitments, relating to, among other things, employment levels, power utilization, and capital investments. In addition, there is a requirement that a recipient of an allocation perform an energy efficiency audit at its facility not less than once during the first five years of the term of the allocation.
2. **Expansion-Based RNY Power Allocations – Action Item**

The Trustees are also asked to address applications submitted for RNY Power expansion-based allocations via the CFA process. Allocations for this purpose would be sourced from the 200 MW block of RNY Power dedicated by statute for ‘for-profit’ businesses that propose to expand existing businesses or create new business in the State. Unless otherwise indicated in Exhibit '5e i-1a-B,' these applications seek a RNY Power allocation for expansion only, in the case of a new business or facility. EDPAB recommended, at its August 6, 2018 meeting, that RNY Power expansion-based allocations be made to the businesses listed in '5e i-1a-B.' Each such allocation would be for a term of seven years unless otherwise indicated.

As with the evaluation process used for the retention recommendations described above, applications for the expansion-based RNY Power were scored based on the statutory criteria, albeit with a focus on information regarding each applicants’ specific project to expand or create their new facility or business (e.g., the expansion project’s cost, associated job creation, and new electric load due to the expansion).

The respective amounts of the expansion-related allocations listed in Exhibit '5e i-1a-B' are largely intended to provide approximately 70% of the individual expansion projects’ estimated new electric load. Because these projects have estimated new electric load amounts, and to ensure that an applicant’s overestimation of the amount needed would not cause that applicant to receive a higher proportion of RNY Power to new load, the allocations in Exhibit '5e i-1a-B' are recommended based on an ‘up to’ amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in its application, and would be allowed to use up to the amount of their RNY Power allocation in the same proportion of the RNY Power allocation to requested load as stated in Exhibit '5e i-1a-B.' The contracts for these allocations would also contain the standard provisions previously summarized in the last paragraph of Section 1 above.

3. **Small Business and/or Not-for-Profit-Based RNY Power Allocations – Action Item**

The Trustees are also asked to address applications submitted via the CFA process for RNY Power for eligible small businesses and not-for-profit corporations. Chapter 60 specifies that no more than 100 MW of RNY Power may be made available for eligible small businesses and eligible not-for-profit corporations. Consistent with the evaluation process described above, EDPAB recommended, at its August 6, 2018 meeting, that RNY Power allocations be awarded to the small businesses and not-for-profit applicants listed in Exhibit '5e i-1a-C.' These applicants have committed to retain or create jobs in New York State and make capital investments to the extent indicated in Exhibit '5e i-1a-C' in exchange for the recommended RNY Power allocations as described in Exhibit '5e i-1a-C.' The RNY Power allocations identified in Exhibit '5e i-1a-C' are recommended for a term of seven years except as otherwise indicated. The sale contract would contain the types of standard contract provisions summarized in Section 1 above.

4. **EDPAB – Applicants Not Considered – Informational Item**

At its meeting on August 6, 2018, EDPAB determined to not consider the applicants listed on Exhibit ‘5e i-1a-D’ for a RNY Power allocation for the reasons specified on Exhibit ‘5e i-1a-D.’ No action by the Trustees is required on these applications.

5. **EDPAB – Termination of Application/Review Process – Informational Item**

At its meeting on August 6, 2018, EDPAB terminated the application review process for the applicants listed on Exhibit '5e i-1a-E' for the reasons listed on Exhibit '5e i-1a-E.' No action by the Trustees is required on this matter. In the past, some applicants in these circumstances have decided to refile and advance more complete applications for RNY Power.
RECOMMENDATION

The Vice President – Economic Development recommends that the Trustees: (1) award the allocations of RNY Power for retention purposes to the businesses listed in Exhibit ‘5e i-1a-A’ as indicated therein; (2) award the allocations of RNY Power for expansion purposes to the businesses listed in Exhibit ‘5e i-1a-B’ as indicated therein; and (3) award the allocations of RNY Power for the small business and not-for-profit applicants identified in Exhibit ‘5e i-1a-C’ for both retention and expansion purposes as indicated therein.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Balboni, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority’s Trustees award Recharge New York (“RNY”) Power allocations for retention purposes to the applicants listed in Exhibit “5e i-1a-A” in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority’s Trustees award RNY Power allocations for expansion purposes to the applicants listed in Exhibit “5e i-1a-B” in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority’s Trustees award RNY Power allocations for retention and expansion purposes to the small businesses and not-for-profit applicants listed in Exhibit “5e i-1a-C” in the amounts indicated;

NOW THEREFORE BE IT RESOLVED, That, upon considering the foregoing as indicated in the report of the President and Chief Executive Officer and the accompanying exhibits, the Trustees hereby award allocations of RNY Power for retention purposes to the applicants listed in Exhibit “5e i-1a-A” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing as indicated in the report of the President and Chief Executive Officer and the accompanying exhibits, the Trustees hereby award the allocations of RNY Power for expansion purposes to the applicants listed in Exhibit “5e i-1a-B” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing as indicated in the report of the President and Chief Executive Officer and the accompanying exhibits, the Trustees hereby award the allocations of RNY Power for the small businesses and not-for-profit applicants listed in Exhibit “5e i-1a-C” in the amounts indicated; and be it further
RESOLVED, That the Chief Commercial Officer – Energy Solutions, or such official’s designee, hereby is, authorized on behalf of the Authority to provide for final terms and conditions that will be applicable to the foregoing allocations and/or projects, including, without limitation, progress milestones and provisions for the expiration of any allocation in the event that such milestones are not met; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
b. **Replacement Power Allocation**

The President and Chief Executive Officer submitted the following report:

**“SUMMARY**

The Trustees are requested to approve an allocation of 1,000 kW of Replacement Power (‘RP’) to Unifrax I LLC (‘Unifrax’) which is proposing to add a second production line at its existing manufacturing facility in the Town of Tonawanda (Erie County). The project is described in further detail below and in Exhibit ‘5e i-1b-A.’ The term of the allocation would be seven years. The allocation would support capital investment of at least $28.5 million and the creation of at least 20 jobs in Western New York (‘WNY’).

The Trustees are also requested to authorize a public hearing pursuant to Public Authorities Law (‘PAL’) §1009 on the proposed direct sale contract for Unifrax, the current form of which is attached as Exhibit ‘5e i-1b-B.’

**BACKGROUND**

Under PAL §1005(13), the Authority may contract to allocate 250 megawatts (‘MW’) of firm hydroelectric power as Expansion Power (‘EP’) and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

Each application for an allocation of EP and RP must be evaluated under criteria that include but need not be limited to, those set forth in PAL §1005(13)(a), which details general eligibility requirements. Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business’ long-term commitment to the region as evidenced by the current and/or planned capital investment in the business’ facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs to be created, as measured by wage and benefit levels, security and stability of employment, and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

The Authority works closely with business associations, local distribution companies and economic development entities to garner support for the projects to be recommended for allocations of Authority hydropower. Discussions routinely occur with National Grid, Empire State Development, Invest Buffalo Niagara, the Niagara County Center for Economic Development, and the Erie County Industrial Development Agency to coordinate other economic development incentives that may help bring economic development to New York State. Staff confers with these entities to help maximize the value of hydropower to improve the economy of WNY and the State of New York. Each organization has expressed support for the recommended allocation.

At this time, 65,760 kW of unallocated EP and 97,641 kW of unallocated RP is available to be awarded to businesses under the criteria set forth in PAL §1005(13)(a).

**DISCUSSION**

Unifrax, which has its U.S. headquarters at 600 Riverwalk Parkway in Tonawanda, is a manufacturer of ceramic fiber insulation products for the automotive industry. A longtime NYPA customer, Unifrax employs 477 at four facilities located in WNY, including its headquarters and research facility, fiber plant and PCW plant in Tonawanda, and its Fibermax plant in Sanborn, Niagara County. It operates 28 manufacturing facilities worldwide.

Unifrax currently has a 1,400 kW allocation of RP supporting existing operations at its Pirson Parkway facility in Tonawanda with an employment commitment of 25 jobs. The allocation was approved
by the Trustees at their October 15, 2014 meeting. This facility produces poly-crystalline fiber products in catalytic converters with most of its customer base located in Europe.

Unifrax submitted an application for 2,500 kW of hydropower to support a $28.5 million expansion project at its Pirson Parkway facility. Known as the ‘Line #6 Project,’ Unifrax plans to add a second manufacturing line within a large, vacant area at this facility. Some existing equipment and machinery would also be relocated within the building as part of the project. The total cost of new equipment and machinery is estimated to be $28.5 million, which would include new compressors, ovens and process machinery. Unifrax’s goal is to start full operation of this second line by June 2019. Unifrax indicates that at least 20 new jobs (average $66,250 salary/benefits) would be created within the first three years of project completion, and the design of the facility it is envisioning would accommodate additional future growth.

The job creation ratio for the proposed allocation of up to 1,000 kW is 20 new jobs per MW. This ratio is below the historic average of 30.5 new jobs per MW based on allocations made during the past eight years. The total project investment of at least $28.5 million would result in a capital investment ratio of $28.5 million per MW. This ratio is above the eight-year historic average of $23.7 million per MW.

Staff recommends that an allocation of 1,000 kW of RP for a term of 7 years be awarded to Unifrax in support of its proposed expansion.

CONTRACT INFORMATION

Staff intends to discuss the proposed form of customer agreement with Unifrax, and anticipates reaching agreement with Unifrax on a contract substantially similar to the form attached as Exhibit ‘5e i-1b-B’. Accordingly, the Trustees are requested to authorize a public hearing, pursuant to PAL §1009, on the proposed form of contract for Unifrax, attached as Exhibit ‘5e i-1b-B.’

As required by PAL §1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of EP or RP, it will transmit the proposed form of the contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days’ notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the form of the contract may be modified, if advisable. Staff will report to the Board of Trustees on the public hearing and the proposed contract at a later time and make additional recommendations regarding the proposed contract.

Upon approval of the final proposed contract by the Authority, the Authority must ‘report’ the proposed contract, along with its recommendations and the public hearing record, to the Governor and other elected officials. Upon approval by the Governor, the Authority is authorized to execute the contract.

The general form of the proposed contract is consistent with recently-approved contracts for the sale of Preservation Power (‘PP’) and/or other hydropower. Some pertinent provisions of the proposed form of the contract include: (i) the provision for direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. (‘NYISO’) charges, plus taxes or any other required assessments, as set forth in the Authority’s Service Tariff No. WNY-1; (ii) the collection of a Zero Emission Credit Charge and a Renewable Energy Credit Charge to allow the Authority to recover costs it would incur relating to its purchase of Zero Emission Credits and Renewable Energy Credits attributable to the customer’s load; (iii) commercially reasonable provisions relating to financial security to reflect a direct billing arrangement between the Authority and its PP customers; and (iv) and provisions authorizing data transfers and addressing other utility-driven requirements which are necessary for efficient program implementation.

In addition, the provision of electric service for all hydropower allocations is subject to enforceable employment, capital investment and power usage commitments. The standard contract form includes
annual job and capital investment reporting requirements and a compliance threshold of 90%. If the relevant compliance threshold is not met, the Authority has the right to reduce the allocation as provided for in the contract.

The recommended allocation would be sold pursuant to the Authority’s Service Tariff No. WNY-1, which applies to all allocations of EP and RP. Transmission and delivery service would be provided by the customer’s local electric distribution utility.

RECOMMENDATION

The Vice President – Economic Development, recommends that the Trustees approve an allocation of 1,000 kW of Replacement Power to Unifrax I LLC for a term of 7 years, as described herein and in Exhibit ‘5e i-1b-A,’ subject to the aforementioned qualifications and contingencies, as described herein and in Exhibit ‘5e i-1b-A.’

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Balboni, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, That an allocation of 1,000 kilowatts (“kW”) of Replacement Power (“RP”) to Unifrax I LLC (“Unifrax”) for a term of 7 years as detailed in the foregoing report of the President and Chief Executive Officer and Exhibit “5e i-1b-A” be and hereby is approved, subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Trustees hereby authorize a public hearing pursuant to Public Authorities Law (“PAL”) §1009 on the terms of the proposed form of the direct sale contract for the sale of RP finally negotiated with Unifrax (the “Unifrax Contract”), the current form of which is attached as Exhibit “5e i-1b-B” subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit a copy of the proposed Unifrax Contract, to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to PAL §1009; and be it further

RESOLVED, That in connection with the proposed Contract, the Corporate Secretary be, and hereby is, authorized to arrange for the publication of a notice of public hearing in six newspapers throughout the State, in accordance with the provisions of PAL §1009; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each
of them hereby is, authorized on behalf of the Authority to
do any and all things, take any and all actions and execute
and deliver any and all agreements, certificates and other
documents to effectuate the foregoing resolution, subject to
the approval of the form thereof by the Executive Vice
President and General Counsel.
c. Award of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to accept the recommendations of the Western New York Power Proceeds Allocation Board (the ‘Allocation Board’ or ‘WNYPPAB’) and make an award of Fund Benefits from the Western New York Economic Development Fund to the eligible applicant listed in Exhibit ‘5e i-1c-A’ in the amount indicated on Exhibit ‘5e i-1c-A’ as discussed in more detail below and in Exhibit ‘5e i-1c-C,’ and authorize the other actions described herein with respect to such applicant and recommended award.

BACKGROUND

1. Western New York Power Proceeds Allocation Act

On March 30, 2012, Governor Cuomo signed into law the Western New York Power Proceeds Allocation Act (the ‘Act’). The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund. The Fund consists of the aggregate excess of revenues received by the Authority from the sale of Expansion Power (‘EP’) and Replacement Power (‘RP’) produced at the Niagara Power Project that was sold in the wholesale energy market over what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract.

Under the Act, an ‘eligible applicant’ is a private business, including a not-for-profit corporation. ‘Eligible projects’ is defined to mean ‘economic development projects by eligible applicants that are physically located within the State of New York within a thirty-mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments.’ Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state; support for tourism and marketing and advertising efforts for western New York state tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. Generally, Fund Benefits are disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project. Occasionally, Fund Benefits are disbursed in advance for proposed eligible expenditures to be incurred by the Eligible Applicant for an Eligible Project when NYPA determines this approach is appropriate for a project, NYPA has authorized the approach in advance, and proposed expenses can be appropriately documented.

At least 15 percent of Fund Benefits must be dedicated to eligible projects which are ‘energy-related projects, programs and services,’ which is ‘energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services,'
and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.’

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber future funds that have been received but not deposited in the Fund.

2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, and evaluating the merits of applications for Fund Benefits. The Allocation Board uses the criteria applicable to EP, RP and PP, and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, the Allocation Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed. A copy of these criteria (collectively, ‘Program Criteria’), adapted from the Allocation Board’s ‘Procedures for the Review of Applications for Fund Benefits,’ is attached as Exhibit ‘5e i-1c-B.’

The Allocation Board met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, the Allocation Board defined ‘retail business’ to mean a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has discretion as to whether to adopt the Allocation Board’s recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to include within the contract covering an award (‘Award Contract’) such other terms and conditions the Authority deems appropriate.

3. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board established a schedule of dates through the end of 2018 on which the Allocation Board would meet to consider applications. At this time, applications are being accepted on a rolling basis. In addition, the application process was promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office.

DISCUSSION

At its June 5, 2018 meeting, the Allocation Board considered an application from Historic Palace, Inc. (‘Palace’) seeking $142,000 in Fund Benefits to support renovations to the Palace Theatre (‘Theatre’) located in Lockport, New York.

As detailed in Exhibit ‘5e i-1c-C,’ Palace’s application seeks Fund Benefits to support upgrades to the stage rigging system, new and expanded audience seating, and an expansion of the orchestra pit to allow more room for musicians and for electrical upgrades. Palace would spend approximately $713,000 on its project.
The Allocation Board’s staff analyzed the application and made a recommendation to the Allocation Board based on eligibility requirements and Program Criteria. A copy of the recommendation memorandum provided to the Allocation Board for the Palace project is attached as Exhibit ‘5e i-1c-C.’ The application itself has also been made available to the Trustees for review.

The Allocation Board has recommended that this applicant receive a Fund Benefit award in the amount indicated on Exhibit ‘5e i-1c-A.’ Given the nascent stage of the proposed project, it was not possible to recommend the terms and conditions that would be applicable to the award and memorialized in an Award Contract between the Authority and successful applicant.

If this applicant receives a Fund Benefit award, it is anticipated that Authority staff would negotiate final terms and conditions with the applicant after receipt of more detailed information concerning the project and proposed schedules. An Award Contract may include scheduled payments keyed to commitment milestones, such as employment creation and retention. In addition, staff anticipates that an Award Contract will contain provisions for periodic audits of the successful applicant for the purpose of determining contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if an applicant fails to maintain agreed-upon commitments, relating to, among other things, employment levels and/or project element due dates.

RECOMMENDATION

The Vice President – Economic Development recommends that:

(1) the Trustees accept the recommendations of the Allocation Board and make an award of Fund Benefits to the applicant in the amount identified in Exhibit ‘5e i-1c-A,’ conditioned upon an agreement to be negotiated with the applicant on the final terms and conditions that would be applicable to the award to be contained in an Award Contract approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or his designee, as to form;

(2) the Chief Commercial Officer – Energy Solutions, or such official’s designee, be authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the awards; and

(3) the Chief Commercial Officer – Energy Solutions, or such official’s designee, be authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit ‘5e i-1c-A’ subject to the foregoing conditions.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Upon motion made by Trustee McKibben and seconded by Trustee Balboni, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

WHEREAS, The Western New York Power Proceeds Allocation Board (“Allocation Board”) has recommended that the Authority make an award of Fund Benefits from the Western New York Economic Development Fund (“Fund”) to the eligible applicant listed in Exhibit “5e i-1c-A” in the amount indicated;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendation of the Allocation Board and authorizes an award of Fund Benefits
to the applicant listed in Exhibit “5e i-1c-A” in the amount indicated for the reasons set forth in the foregoing report and the exhibits and other information referred to therein, conditioned upon an agreement between the Authority and the applicant on the final terms and conditions that would be applicable to the award and set forth in a written award contract (“Award Contract”) between the Authority and the applicant, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel or his designee, as to form; and be it further

RESOLVED, That the Chief Commercial Officer – Energy Solutions, or such official’s designee, is authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and be it further

RESOLVED, That the Chief Commercial Officer – Energy Solutions, or such official’s designee, is authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit “5e i-1c-A” subject to the foregoing conditions; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
d. Award of Fund Benefits from the Northern New York Economic Development Fund Recommended by the Northern New York Power Proceeds Allocation Board

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to accept the recommendations of the Northern New York Power Proceeds Allocation Board (the ‘Allocation Board’) and make an award of Fund Benefits from the Northern New York Economic Development Fund to the eligible applicant listed in Exhibit ‘5e i-1d-A’ in the amount indicated on Exhibit ‘5e i-1d-A’ as discussed in more detail below and in Exhibit ‘5e i-1d-C’ and authorize the other actions described herein with respect to such applicants and recommended awards.

BACKGROUND

4. Northern New York Power Proceeds Allocation Act

On December 29, 2014, Governor Cuomo signed into law the Northern New York Power Proceeds Allocation Act (the ‘Act’). The Act adds provisions to two chapters of consolidated law, the Economic Development Law (‘EDL’), and the Public Authorities Law within the Power Authority Act, the enabling statute of the New York Power Authority (‘NYPA’) (collectively, the ‘Statutes’). As discussed in more detail below, the Act creates a program, administered by NYPA and the Board, to support economic development in Northern New York (‘Program’). Under the Program, financial assistance known as ‘fund benefits’ may be awarded to ‘eligible applicants’ for ‘eligible projects’ based on criteria set forth in the Statutes.

Under the Act, an ‘eligible applicant’ is a private business, including a not-for-profit corporation that is a private business. ‘Eligible projects’ is defined to mean ‘economic development projects’ that are or would be physically located within St. Lawrence County that will support the growth of business in St. Lawrence County and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments. ‘Eligible projects’ include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York State; support for tourism and marketing and advertising efforts for St. Lawrence County tourism and business; and energy-related projects.

Eligible projects do not include, and fund benefits may not be used for, public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

NYPA and the Town of Massena Electric Department are parties to a contract that provides for NYPA’s sale of up to 20 megawatts (‘MW’) of hydropower known as ‘St. Lawrence County Economic Development Power’ (‘SLCEDP’) to the Town. As detailed in the Statutes, NYPA is authorized to sell unallocated SLCEDP into the market to generate revenue for the Program. The Statutes provide that NYPA will deposit proceeds from such sales into the Fund no less than quarterly.

At least 15% percent of the Fund is dedicated to eligible projects which are ‘energy-related projects, programs and services,’ which are defined as ‘energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and
services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.’

Monies from the Fund – known as ‘fund benefits’ – are paid to awardees in the form of grants, and staff expects that in most cases fund benefits will be disbursed as reimbursement for expenses incurred by an awardee. Allocations of fund benefits may only be made on the basis of monies that have been deposited in the Fund. No award may encumber funds that have not been deposited in the Fund.

2. Northern New York Power Proceeds Allocation Board

Under the Act, the Allocation Board’s primary responsibilities regarding applications for fund benefits under the Program are to (i) administer the application process, (ii) make determinations relating eligibility, and (iii) where an applicant and project are eligible, evaluate applications against the statutory criteria and make a recommendation to the NYPA Board of Trustees on whether an applicant should be awarded fund benefits. The Allocation Board uses the criteria applicable to EP, RP and PP allocations, and for revitalization of industry, provided for in Public Authorities Law §1005.

Additionally, the Allocation Board is authorized to consider the extent to which an award of fund benefits is consistent with the strategies and priorities of the North Country Regional Economic Development Council, which covers the region in which an eligible projects may be proposed.

At its meeting on January 25, 2017, the Allocation Board, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. A copy of the relevant criteria (collectively, ‘Program Criteria’), adapted from the Allocation Board’s ‘Procedures for the Review of Applications for Fund Benefits,’ is attached as Exhibit ‘5e i-1d-B’ to this report.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has discretion as to whether to adopt the Allocation Board’s recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to include within the contract covering an award (‘Award Contract’) such other terms and conditions the Authority deems appropriate.

3. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board established a schedule of dates through the end of 2018 on which the Allocation Board would meet to consider applications. At this time, applications are being accepted on a rolling basis. A webpage was created that is hosted on WWW.NYPA.GOV/NNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by NYPA.

DISCUSSION

At its June 13, 2018 meeting, the Allocation Board considered an application from AmTech Yarns, Inc. (‘AMTECH’) seeking $740,000 in Fund Benefits.

The Allocation Board’s staff analyzed the application and made recommendations to the Allocation Board based on eligibility requirements and Program Criteria. A copy of the recommendation memorandum provided to the Allocation Board for AMTECH is attached as Exhibit ‘5e i-1d-C.’ The application itself has also been made available to the Trustees for review.

As detailed in Exhibit ‘5e i-1d-C,’ the AMTECH application seeks Fund Benefits to support a building expansion, the purchase of machinery and equipment and reimbursement of other costs related
to its proposed project. The project is intended to locate manufacturing operations in Massena, NY. The applicant indicates it intends to create 18 jobs over seven years and that it would spend approximately $3,700,000 on this project.

The Allocation Board has recommended that this applicant receive a Fund Benefit award in the amount indicated on Exhibit ‘5e i-1d-A.’ Given the nascent stage of the proposed project, it was not possible to make recommendations concerning the terms and conditions that would be applicable to the award and memorialized in an Award Contract between the Authority and the applicant.

If this applicant does receive a Fund Benefit award, it is anticipated that Authority staff would negotiate final terms and conditions with the applicant after receipt of more detailed information concerning the project and proposed schedules. Award Contracts may include scheduled payments keyed to commitment milestones, such as employment creation and retention. In addition, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicants for the purpose of determining contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if an applicant fail to maintain agreed-upon commitments.

RECOMMENDATION

The Vice President – Economic Development recommends that:

(4) the Trustees accept the recommendation of the Allocation Board and make an award of Fund Benefits to the applicant in the amount identified in Exhibit ‘5e i-1d-A,’ conditioned upon an agreement to be negotiated with the applicant on the final terms and conditions that would be applicable to the award to be contained in the Award Contract approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or his designee, as to form;

(5) the Chief Commercial Officer – Energy Solutions, or such official’s designee, be authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and

(6) the Chief Commercial Officer – Energy Solutions, or such official’s designee, be authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit ‘5e i-1d-A’ subject to the foregoing conditions.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Trainor, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

WHEREAS, The Northern New York Power Proceeds Allocation Board (“Allocation Board”) has recommended that the Authority make an award of Fund Benefits from the Northern New York Economic Development Fund (‘Fund’) to the eligible applicant listed in Exhibit “5e i-1d-A” in the amount indicated in Exhibit “5e i-1d-A”;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendation of the Allocation Board and authorizes an award of Fund Benefits to the applicant listed in Exhibit “5e i-1d-A” in the amount indicated for the reasons set forth in the foregoing report and the exhibits and other information
referred to therein, conditioned upon an agreement between the Authority and the applicant on the final terms and conditions that would be applicable to the award and set forth in a written award contract (“Award Contract”) between the Authority and the applicant, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel or his designee, as to form; and be it further

RESOLVED, That the Chief Commercial Officer – Energy Solutions, or such official’s designee, is authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and be it further

RESOLVED, That the Chief Commercial Officer – Energy Solutions, or such official’s designee, is authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit “5e i-1d-A” subject to the foregoing conditions; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
e. Annual Compliance Review – Recharge New York Power Program

The President and Chief Executive Officer submitted the following report:

“SUMMARY

Authority staff has conducted its fifth annual compliance review of customers receiving power allocations under the Recharge New York (‘RNY’) Power Program for the reporting period from July 1, 2016 through June 30, 2017 (the ‘Reporting Period’). The compliance review examined RNY Power customer contract compliance in three areas: (1) job creation and retention (collectively, ‘job retention’); (2) capital investment; and (3) power utilization. The purpose of this report is to inform the Trustees of the results of the compliance review for the specified Reporting Period, and to make recommendations regarding compliance action.

In summary:

(1) The compliance level of the 29 RNY Power customers described in Exhibit ‘5e i-1e-A’ fell below 90% of their contractual job retention commitments for the Reporting Period. Staff recommends that the RNY Power allocation and contract demand for each such customer be reduced to the amounts indicated in Exhibit ‘5e i-1e-A.’ In addition, staff recommends that the Trustees authorize adjustments to the job commitments of these customers as indicated in Exhibit ‘5e i-1e-A’, based on the job levels reported by each customer for the Reporting Period.

(2) The compliance level for the 3 RNY Power customers described in Exhibit ‘5e i-1e-B’ fell below 90% of the contractual commitment for job retention for the Reporting Period. As detailed in Exhibit ‘5e i-1e-B’, staff is not recommending reductions to the allocations and contract demands for these customers because job shortfalls were due to process efficiency improvements. Rather, staff is recommending that the Trustees authorize adjustments to the job commitments of these customers to the amounts indicated in Exhibit ‘5e i-1e-B’ based on the job levels reported by each customer for the Reporting Period.

(3) The compliance level of the 18 RNY Power customers described in Exhibit ‘5e i-1e-C’ fell below 90% of their respective five-year capital investment commitment (‘CIC’). Staff recommends that the RNY Power allocations and contract demands of each such customer be reduced to the amounts indicated in Exhibit ‘5e i-1e-C,’ and the job commitments and CICs of these customers be adjusted to the amounts indicated in Exhibit ‘5e i-1e-C.’

(4) The compliance level of the 1 RNY Power customer described in Exhibit ‘5e i-1e-D’ fell below 90% of its contractual five-year CIC. Staff recommends that the RNY Power allocation and contract demand of this customer be reduced, and the customer’s CIC be adjusted, to the amounts indicated in Exhibit ‘5e i-1e-D.’

(5) The compliance level of the 1 RNY Power customer described in Exhibit ‘5e i-1e-E’ fell below 90% of its contractual job retention commitment and power utilization commitment for the Reporting Period. Staff recommends that the RNY Power allocation and contract demand of this customer be reduced, and the job commitment be adjusted, to the amounts indicated in Exhibit ‘5e i-1e-E.’

(6) The compliance level of the 1 RNY Power customer described in Exhibit ‘5e i-1e-F’ fell below 90% of its contractual job retention commitment and power utilization commitment for the Reporting Period. The customer has already relinquished a portion of its RNY Power allocation. Therefore, staff is recommending that the job commitment for this customer be adjusted to the amount indicated in Exhibit ‘5e i-1e-F.’
(7) The compliance level of the 9 RNY Power customers described in Exhibit ‘5e i-1e-G’ fell below 90% of their contractual job retention commitment and five-year CIC. Staff recommends that the RNY Power allocation and contract demand of these customers be reduced, and the job retention and CICs of these customers be adjusted, to the amounts indicated in Exhibit ‘5e i-1e-G.’

(8) The compliance level of the 1 RNY Power customer described in Exhibit ‘5e i-1e-H’ fell below 90% of its CIC and power utilization commitment for the Reporting Period. Staff recommends that the RNY Power allocation and contract demand of this customer be reduced, and its job retention commitment and CIC be adjusted, to the amounts indicated in Exhibit ‘5e i-1e-H.’

(9) The 52 RNY Power customers listed in Exhibit ‘5e i-1e-I’ reported information indicating that they failed to meet one or more Supplemental Commitments. These matters are discussed in detail in Section 5 of this Report and Exhibit ‘5e i-1e-I.’ These customers fall into two groups. As discussed in Exhibit ‘5e i-1e-I’, in the case of several customers, application of the methodology that the Authority uses to calculate possible reductions in allocation and contract demand does not yield a reduction. The remaining customers have provided the Authority with information relating to their individual circumstances which has caused staff to conclude that compliance action should be deferred and considered, if at all, at a later time. Therefore, staff is not recommending compliance action for these customers at this time. Based on information that staff receives during the course of the next several months from customers in the latter category, Staff may return to the Trustees at a later date with recommendations for compliance action regarding one or more these customers. No action by the Trustees is requested regarding these matters.

(10) Seventeen RNY Power customers failed to file an annual compliance report as required by their RNY Power contract (‘Compliance Report’). Staff has suspended electric service for 16 of these customers effective January 31, 2018. The other RNY Power customer terminated its RNY Power allocation. No action by the Trustees is requested regarding these matters.

Exhibit ‘5e i-1e-J’ provides a summary all RNY Power customers discussed in Exhibits ‘5e i-1e-A’ through ‘5e i-1e-I.’

DISCUSSION

1. Background

   On April 14, 2011, Governor Andrew M. Cuomo signed into law Chapter 60 (Part CC) of the Laws of 2011 which, among other things, created the RNY Power program. The program makes available 910 megawatts (‘MW’) of ‘RNY Power,’ 50% of which will be provided by the Authority’s hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts are for a specified term corresponding to a customer’s allocation.

   RNY Power is made available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on statutory criteria, including (1) the number of jobs created and/or retained and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a RNY Power allocation; and (2) the extent to which a RNY Power allocation will result in new capital investment in the state by the applicant.

   Successful applicants are awarded RNY Power allocations and offered a contract with the Authority for the purchase of the RNY Power. In addition to the basic requirement to pay for electric service, the contract provides for several ‘supplemental’ customer commitments relating to such matters as (1) job creation or retention, (2) capital investment, and (3) power utilization (the ‘Supplemental Commitments’). With respect to jobs, the RNY Power contract may contain commitments to create and
retain jobs, or simply to retain jobs. On capital investment, the contract may provide for a one-year CIC, or as is more often the case, an aggregate CIC over a five-year period.

To facilitate compliance review and contract enforcement, the RNY contract requires customers to report on performance of the Supplemental Commitments. Customers are required to report pertinent information on the first three Supplemental Commitments in the Compliance Report no later than August 31 of each year for the prior 12-month reporting period from July through June.

2. Compliance Review

Staff has completed its fifth annual compliance review of all in-service RNY Power allocation contracts for compliance with Supplemental Commitments.†

A total of 644 customers received at least one month of RNY Power during the Reporting Period (July 1, 2016 through June 30, 2017), of which 618 filed a Compliance Report. Staff reviewed the data reported by all 618 customers for this Reporting Period. Of those customers required to report, a total of 623 customers have been receiving RNY Power for the entire 12-month period beginning on or before July 2016 and are in a position to be evaluated for compliance with their Supplemental Commitments.

In total, 606 of the 623 customers receiving RNY Power for the entire 12-month period filed a Compliance Report as required by the Program, representing power allocations totaling 627 MW and existing employment commitments totaling 339,662 jobs. In aggregate, these customers reported actual employment of 409,537 jobs. This represents 121% of the total job commitments for all RNY customers reporting for the full year. Since completion of compliance review by staff, 16 customers have had their RNY Power allocations suspended, and 1 customer terminated its allocation. No action by the Trustees is requested as to these RNY Power customers.

In total, for this Reporting Period, staff determined that 115 RNY Power customers did not meet a 90% compliance threshold for one or more of the Supplemental Commitments.

Regarding capital investment commitments, RNY Power customers can be divided into two groups: (1) customers with an aggregate CIC over a five-year period; and (2) customers with a one-year CIC.† It is now possible to evaluate a portion of RNY Power customers who have a five-year CIC because the RNY Power allocations for such customers have now been in service for five years.

From an aggregated perspective, the annual compliance review process yielded the following information about capital investment. The 618 RNY Power customers that submitted compliance data have reported cumulative spending totaling $6.7 billion during this reporting period, out of an aggregate commitment of $24.09 billion. To date, 395 RNY Power customers out of 618 in this first customer group have already met or exceeded the 90% compliance threshold as of the current Reporting Period.

A total of 32 RNY Power customers have one-year CICs. The aggregate commitment level for these customers totals $70.8 million. All 32 customers in this group have met or exceeded a 90% compliance rate in previous reporting periods.

† In addition to this compliance review, each year an independent auditor, along with the Authority’s Internal Audit group, randomly selects customers whose annual Compliance Report is reviewed for accuracy. This year, a job reporting audit and a capital investment spending audit was performed by an independent auditing firm retained by the Authority. The audits are designed to help staff validate reported information. Audited customers will receive feedback on the audit results, including guidance for future submittals. Where a discrepancy exists between the customer job reported and the independent auditing firm, NYPA staff used the auditing firm’s job reported to calculate compliance recommendations.

† Twenty-six RNY Power customers do not have a Supplemental Commitment for capital investment.
3. Compliance Approach

Based on the RNY Power Contract terms, the applicable tariff and the Authority's regulations, the Authority has a number of options available to respond to a customer that is in breach of contractual obligations, including, for example, termination of the contract, suspension of electric service, and reduction of the amount of a customer's RNY Power allocation.

As more specifically detailed in the RNY contract, if a customer's Compliance Report or an audit indicates that the customer's (i) annual average monthly employment for the reporting period is below 90% of the customer's job retention commitment, (ii) its reported average monthly kW utilization is below 90% of the allocation amount for the highest six months, or (iii) its capital investment spending is below 90% of the customer's CIC, the Authority may take compliance action against the customer which includes a reduction of the customer's power allocation and contract demand pursuant to a methodology provided for in the contract.

Although the Authority has the right to enforce a customer to comply with Supplemental Commitments at a 100% level, it has the discretion to enforce Supplemental Commitments at a discounted performance level, and has done so in the past. At this time, Authority staff is recommending that the reductions to the allocations and contract demands for these customers be calculated based on a 90% performance standard.

As indicated below and in the accompanying exhibits, staff is also recommending that the job commitments and/or CICs of customers that have not satisfied a 90% compliance rate, and whose allocation and contract demand are being reduced, be adjusted downward to establish a revised commitment based on the information reported by the customer. This approach yields a more realistic commitment, as it reflects the apparent ability of affected customers to retain jobs or make capital investments after the allocation of such customers has been in service. It also minimizes the chances that such customers, particularly customers who have been subject to compliance action in previous years, will be subject to compliance action under the contract in the near future.

4. Failure to Meet Supplemental Commitments – Compliance Action Requested

This section discusses RNY Power customers who have failed to meet a 90% compliance rate for one or more Supplemental Commitments, and recommended compliance action. The information supporting staff’s recommendations is contained in the referenced exhibits.

a) Job Retention Commitments (recommended for reductions in RNY Power allocations and contract demands, and adjustments to job retention commitments)

A total of 540 of the 606 RNY Power customers reviewed were found to be compliant with their Supplemental Commitment for job retention. A total of 66 of the 606 RNY Power customers were found to be below a 90% compliance rate for this Supplemental Commitment.

Staff recommends that the Trustees approve reductions in the RNY Power allocations and contract demands for the 29 customers identified in Exhibit ‘5e i-1e-A’ who fell below a 90% compliance rate for their job retention commitment, to the amounts indicated in Exhibit ‘5e i-1e-A’ for the reasons indicated in Exhibit ‘5e i-1e-A’. In addition, staff recommends that the Trustees authorize adjustments to the job commitments for these 29 customers to the amounts indicated in Exhibit ‘5e i-1e-A’ based on the job levels reported by such customers.

b) Job Retention Commitments (recommended for adjustments to job retention commitment)

Each of the 3 customers identified in Exhibit ‘5e i-1e-B’ fell below a 90% compliance rate for their job retention commitment. However, in these cases job reductions resulted from process efficiency
improvements made by the customers. Generally, the Authority has exercised discretion to not reduce allocations/contract demands where job levels are reduced due to efficiency improvements (which may also result in power usage reductions in the long term). Accordingly, as indicated in Exhibit '5e i-1e-B,' staff is recommending that the job commitments of these customers be adjusted to reflect the job levels reported as indicated in Exhibit '5e i-1e-B.'

c) Capital Investment Commitments (recommended for reductions in RNY Power allocations and contract demands, and adjustments to job retention and CIC commitments)

A total of 174 of 249 RNY Power customers reviewed were found to be compliant with their Supplemental Commitment for five-year CIC. A total of 75 of the 249 RNY Power customers were found to be below a 90% compliance rate for this Supplemental Commitment.

Staff recommends that the Trustees approve reductions in the RNY Power allocations and contract demands for the 18 customers identified in Exhibit '5e i-1e-C' who fell below a 90% compliance rate for their CIC, to the amounts indicated in Exhibit '5e i-1e-C' based on the information provided in Exhibit '5e i-1e-C.' Staff further recommends that the Trustees authorize adjustments to the job commitments and CICs of these 24 customers to the amounts indicated in Exhibit '5e i-1e-C.'

d) Capital Investment Commitment (recommended for reductions in RNY Power allocation and contract demand, and adjustments to CICs)

Staff recommends that the Trustees approve a reduction in the RNY Power allocation and contract demand for the 1 RNY Power customer identified in Exhibit '5e i-1e-D' which fell below a 90% compliance rate for its CIC, to the amount indicated in Exhibit '5e i-1e-D' based on the information in Exhibit '5e i-1e-D'. Staff further recommends that the Trustees authorize an adjustment to this customer's CIC to the amount indicated in Exhibit '5e i-1e-D' based on the capital investment level reported by such customer.

e) Job Retention Commitment and Power Utilization Commitment (recommended for reductions in RNY Power allocation and contract demand, and adjustment to job retention commitment)

The RNY Power customer identified in Exhibit '5e i-1e-E' fell below a 90% compliance rate for its job retention commitment and power utilization commitment. Based on the information provided in Exhibit '5e i-1e-E,' staff recommends that the Trustees approve a reduction to the RNY Power allocation and contract demand for this customer to the amount indicated in Exhibit '5e i-1e-E.' In addition, staff recommends that the Trustees authorize an adjustment to this customer's job commitment to the amount indicated in Exhibit '5e i-1e-E.'

f) Job Retention Commitments and Power Utilization Commitment (recommended for adjustment to job retention commitment)

The 1 customer identified in Exhibit '5e i-1e-F' fell below a 90% compliance rate for its job retention commitment and power utilization commitment. The customer, outside the compliance process, has already relinquished a large portion of its RNY Power allocation. Accordingly, staff recommends that no further reduction to this customer's allocation and contract demand be made, and that the Trustees authorize an adjustment to this Customer's job retention commitment and power utilization commitment to the amounts indicated in Exhibit '5e i-1e-F.'
g) Job Retention Commitments and Capital Investment Commitments (*recommended for reductions in RNY Power allocations and contract demands, and adjustments to job retention commitment and CIC*)

The 9 RNY Power customers identified in Exhibit ‘5e i-1e-G’ fell below a 90% compliance rate for their job retention commitment and CIC. Staff recommends that the Trustees approve reductions in the RNY Power allocations and contract demands for these 9 customers to the amounts indicated in Exhibit ‘5e i-1e-G’ based on the information provided in Exhibit ‘5e i-1e-G’. Staff further recommends that the Trustees authorize adjustments to the job commitments and CICs for these 9 customers to the amounts indicated in Exhibit ‘5e i-1e-G’ based on the job and capital investments levels reported by such customers.

h) Capital Investment Commitment and Power Utilization Commitment (*recommended for reduction in RNY Power allocation and contract demand, and adjustment to job retention commitment and CIC*)

The RNY Power customer identified in Exhibit ‘5e i-1e-H’ fell below a 90% compliance rate for its CIC and power utilization. Staff recommends that the Trustees approve a reduction in the RNY Power allocation and contract demand for this customer to the amount indicated in Exhibit ‘5e i-1e-H’. Staff further recommends that the Trustees authorize adjustments to the job commitment and CIC for this customer to the amounts indicated in Exhibit ‘5e i-1e-H,’ based on the job and capital investment levels reported by such customer.

5. Failure to Meet Supplemental Commitments – *No Compliance Action Requested*

The 52 customers identified in Exhibit ‘5e i-1e-I’ each reported data indicating that they failed to achieve at least a 90% compliance rate for one or more Supplemental Commitments. For the reasons discussed below and in Exhibit ‘5e i-1e-I,’ staff is recommending that no compliance action be taken at this time regarding these customers. As noted below, where appropriate staff, will continue to monitor the commitment performance of these customers and may return to the Trustees at a later date with recommendations for compliance action regarding one or more of these customers.

a) Job Commitments

Compliance reporting indicated that the 18 customers listed in Exhibit ‘5e i-1e-I,’ Section 1, fell below the 90% compliance threshold for job retention. However, based on the information recited in Section 1, compliance action is not supported by application of the methodology that the Authority uses to calculate potential reductions to allocations/contract demand, or customers have supplied the Authority with information that staff believes supports deferring compliance action at this time. In summary, as detailed in Exhibit ‘5e i-1e-K’:

- Two customers are in the midst of significant expansion projects. In each case, it was necessary for the customer to transfer employees to another site until operations at the site resume. The move has temporarily impacted job counts at these facilities. In one case, the expansion project is associated with a merger that is likely to impact whether the current allocation is modified or terminated next year.

- Staff is contemplating contract amendments for a customer with multiple facilities to address employee transfers between facilities. The customer has exceeded job commitments for its facilities on a collective basis.

- Staff is investigating possible under-reporting of employment levels by one customer and expects to audit this customer in order to assess job levels.
Several customers have recently submitted information on their current employment levels for the five-month period from July 2017 to November 2017, which indicates that employment levels have trended upward. If these levels are sustained each customer would be at or above a 90% compliance rate.

In the case of several customers, due to the amount of the allocation and degree of the jobs shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Accordingly, staff is not recommending compliance action for these customers at this time. Staff will continue to monitor the commitment performance of these customers and where appropriate will assess the appropriateness of compliance action at a later time.

b) Power Utilization Commitments

Compliance reporting indicated that the 6 RNY Power customers listed in ‘5e i-1e-l,’ Section 2 were underutilizing their RNY Power allocations on average over the Reporting Period, and as a result fell below a 90% compliance rate for power usage.

In the case of one customer, given the amount of the allocation and the degree of shortfall, the methodology used to calculate a reduction to the allocation and contract demand did not yield a reduction. The remaining customers made account modifications, redistributed their RNY allocation to additional electric meter accounts to better utilize the allocations, or furnished staff with information indicating an apparent increase in power utilization.

Accordingly, staff is not recommending compliance for these customers at this time. Staff will continue to monitor power usage for these customers and will reassess compliance at a later time.

c) Capital Investment Commitments

Compliance reporting for the 24 customers listed in ‘5e i-1e-l,’ Section 3 indicates that these customers failed to meet at least a 90% compliance level for their CIC. In summary:

- Staff is studying the contract status of one customer given large disparities between reported employment and capital investment levels and the corresponding contract commitments, to determine whether, for example, mistakes were made in the customers RNY contract or application.

- Staff is investigating a possible error regarding the CIC of one customer which may require a contract amendment.

- The facility of one customer is being replaced by a new plant facility which has impacted investments in the existing facility. Staff expects that this change will require the current allocation to be modified or terminated next year.

- Staff is exploring a contract amendment for one customer with multiple facilities that would address CICs for the facilities on a collective basis.

- In the case of several customers, due to the amount of the allocation and degree of the CIC shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

- The remaining companies have provided additional information during the period from July 2017 through November 2017. This information indicates a cumulative capital spending amount that meets the capital investment commitment threshold.
Accordingly, staff is not recommending compliance for these customers at this time. Staff will continue monitor the commitment performance of these customers and will reassess the appropriateness of compliance action at a later time.

d) Capital Investment and Job Commitments

Compliance reporting for the 4 RNY Power customers listed in Exhibit '5e i-1e-I,' Section 4 indicates that these customers failed to meet at least a 90% compliance level for their CIC and jobs commitment. However, in each case, given the amount of the allocation and the degree of the commitment shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction. Accordingly, staff is not recommending compliance action for these customers.

6. Other Compliance Matters – No Compliance Action Requested

Seventeen RNY Power customers did not file an annual Compliance Report as required by their RNY Power contract. Staff suspended the RNY Power allocations for 16 of these customers effective January 31, 2018. The remaining customer terminated its allocation after the Reporting Period. No action by the Trustees is requested for these matters.

RECOMMENDATION

The Vice President – Economic Development recommends that the Trustees:

(1) Authorize (a) reductions of the RNY Power allocations and contract demands for each of the RNY Power customers identified in Exhibit '5e i-1e-A' to the amounts indicated in Exhibit '5e i-1e-A,' and (b) adjustments to the job retention commitments for these customers to the amounts indicated in Exhibit '5e i-1e-A.'

(2) Authorize adjustments to the job commitments for the 3 RNY Power customers identified in Exhibit '5e i-1e-B' who made efficiency improvements, to the amounts indicated in Exhibit '5e i-1e-B.'

(3) Authorize (a) reduction of the RNY Power allocations and contract demands for each of the RNY Power customers identified in Exhibit '5e i-1e-C' to the amounts indicated in Exhibit '5e i-1e-C,' and (b) adjustments to the job retention commitments and CICs for these customers to the amounts indicated in Exhibit '5e i-1e-C.'

(4) Authorize (a) a reduction of the RNY Power allocation and contract demand for the RNY Power customer identified in Exhibit '5e i-1e-D' to the amount indicated on Exhibit '5e i-1e-D,' and (b) an adjustment to the CIC of this customer to the amount indicated in Exhibit '5e i-1e-D.'

(5) Authorize (a) a reduction of the RNY Power allocation and contract demand for the RNY Power customer identified in Exhibit '5e i-1e-E' to the amount indicated on Exhibit '5e i-1e-E,' and (b) an adjustment to the job commitment of this customer to the amount indicated in Exhibit '5e i-1e-E.'

(6) Authorize an adjustment to the job commitment for the RNY Power customer identified in Exhibit '5e i-1e-F' to the amount indicated in Exhibit '5e i-1e-F.'

(7) Authorize (a) a reduction of the RNY Power allocations and contract demands for the RNY Power customers identified in Exhibit '5e i-1e-G' to the amounts indicated in Exhibit '5e i-1e-G,' and (b) adjustments to the job retention commitments and CICs for these customers to the amounts indicated in Exhibit '5e i-1e-G.'
(8) Authorize (a) a reduction of the RNY Power allocation and contract demand for the RNY Power customer identified in Exhibit ’5e i-1e-H’ to the amount indicated in Exhibit ’5e i-1e-H,’ and (b) adjustments to the job retention commitment and CIC for this customer to the amount indicated in Exhibit ’5e i-1e-H.’

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.”

Upon motion made by Trustee Balboni and seconded by Trustee Trainor, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, That the Trustees hereby approve the reduction of Recharge New York (“RNY”) Power allocations and contract demands for each of the RNY Power customers identified in Exhibit “5e i-1e-A” to the amounts indicated therein, and authorize the Authority to adjust the job commitments for these customers to the amounts indicated in Exhibit “5e i-1e-A,” for the reasons described in Exhibit “5e i-1e-A” and the foregoing Report of the President and Chief Executive Officer (“Report”); and be it further

RESOLVED, That the Trustees hereby authorize the Authority to adjust job commitments for the three RNY Power customers identified in Exhibit “5e i-1e-B” to the amounts indicated therein, for the reasons described in Exhibit “5e i-1e-B” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby approve the reduction of RNY Power allocations and contract demands for each of the RNY Power customers identified in Exhibit “5e i-1e-C” to the amounts indicated therein, and authorize the Authority to adjust job commitments and capital investment commitments for these customers to the amounts indicated in Exhibit “5e i-1e-C,” for the reasons described in Exhibit “5e i-1e-C” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby approve the reduction of the RNY Power allocation and contract demand for the RNY Power customer identified in Exhibit ‘5e i-1e-D’ to the amount indicated therein, and authorize the Authority to adjust the capital investment commitment for this customer to the amount indicated in Exhibit “5e i-1e-D,” for the reasons described in Exhibit “5e i-1e-D” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby approve the reduction of RNY Power allocation and contract demand for the RNY Power customer identified in Exhibit “5e i-1e-E” to the amount indicated therein, and authorize the Authority to adjust the job commitment for this customer to the amount
indicated in Exhibit “5e i-1e-E,” for the reasons described in Exhibit “5e i-1e-E” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby authorize the Authority to adjust the job commitment for the RNY Power customer identified in Exhibit “5e i-1e-F” to the amount indicated therein, for the reasons described in Exhibit “5e i-1e-F” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby approve the reduction of RNY Power allocations and contract demands for each of the RNY Power customers identified in Exhibit “5e i-1e-G” to the amounts indicated therein, and authorize the Authority to adjust job commitments and capital investment commitments for these customers to the amounts indicated in Exhibit “5e i-1e-G,” for the reasons described in Exhibit “5e i-1e-G” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby approve the reduction of RNY Power allocation and contract demand for the RNY Power customer identified in Exhibit “5e i-1e-H” to the amount indicated therein, and authorize the Authority to adjust job commitment and capital investment commitment for this customer to the amounts indicated in Exhibit “5e i-1e-H,” for the reasons described in Exhibit “5e i-1e-H” and the foregoing Report; and be it further

RESOLVED, That the Trustees hereby accept the recommendations concerning the RNY Power customers identified in Exhibit “5e i-1e-I” for the reasons described in Exhibit “5e i-1e-I” and the foregoing Report; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve an allocation of 1,370 kW of hydropower under the Municipal and Rural Electric Cooperative Industrial Economic Development Program (‘IEDP’) to the Village of Frankfort.

BACKGROUND

The 1991 amendment to the power sales agreement between the Authority and each of the Municipal and Rural Electric Cooperative Systems set aside a block of 54 MW from the 752 MW of firm hydropower allocated to the systems for economic development in the systems’ service territories. The total allocation was increased to 768.4 MW as a result of additional firm power (both firm and firm peaking) resulting from the Niagara Project life extension and modernization upgrade.

Power from this block can be allocated to individual systems to meet the increased electric load resulting from eligible new or expanding businesses in their service area. Recommended allocations under the IEDP are made using guidelines that were approved by the Trustees on September 23, 2008.

As of May 2018, approximately 16 MW have been allocated. The most recent allocations were awarded by the Trustees to the Village of Greene and the City of Sherrill in July 2017. The Village of Frankfort has submitted an application for power under the program for consideration by the Trustees.

DISCUSSION

An application has been submitted by the Village of Frankfort to the Authority on behalf of Tractor Supply Company. Tractor Supply Company was founded as a mail order tractor parts business in 1938. The company opened its first retail store in 1939. As of April 2018, the company operates 1600 stores in 49 states. Tractor Supply Company has several major product lines including livestock and pet products, hardware and tools, seasonal products, gifts and toys, and clothing.

Tractor Supply Company plans to acquire and construct a 931,100 square-foot property in Frankfort and turn it into a distribution center. The distribution center would also include offices and a parking area for vehicles, trucks, and trailers. There is also the potential to expand this facility in the future to a 1,215,000 square-foot area to better support the company’s operations, if needed.

The total amount of capital investment in this project is approximately $80,000,000. This includes building and site costs as well as equipment costs such as an electric battery operated forklift fleet.

The estimated monthly peak demand at the new facility will be 2,630 kW. This new business will provide 308 new jobs to the community over the next 3 years. All of these jobs will be full-time positions. Tractor Supply Company has also applied to the Herkimer County IDA for approximately $19,000,000 in financial assistance with the project.

NYPA IEDP guidelines classify Tractor Supply Company’s distribution center as an eligible new business that will be operating within the Village of Frankfort’s service territory. Under the program, the first 100 kW allocated will be 100% hydropower; any additional kW will be 50% hydropower and 50% incremental power. This IEDP allocation award would be for 1,370 kW.

NYPA staff recommends that the Trustees approve an allocation of 1,370 kW of Municipal and Rural Electric Cooperative Industrial Economic Development Program power to the Village of Frankfort on
behalf of Tractor Supply Company. The IEDP Guidelines require that a minimum of 25 jobs per MW of allocated hydropower be attained. This allocation exceeds the aforementioned guidelines.

**RECOMMENDATION**

The Vice President - Economic Development recommends the Trustees approve the allocation of 1,370 kW under the Municipal and Rural Electric Cooperative Industrial Economic Development Program to the Village of Frankfort in accordance with the above memorandum.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Balboni, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, That the Trustees hereby approve the allocation of 1,370 kW of hydropower to the Village of Frankfort under the Municipal and Rural Electric Cooperative Industrial Economic Development Program as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Vice President of Economic Development or his designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate this allocation, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
g. New York City Governmental Customer – Supplemental Long-Term Power Supply Agreement – NYS Office of General Services ("OGS")

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are respectfully requested to authorize the execution of a new supplemental long-term power supply agreement with the New York State Office of General Services ("OGS").

BACKGROUND

The Authority has served governmental customers, continuously and successfully, within New York City since 1976. The Authority serves a total of eleven governmental customers in this region in order to provide electric service to government facilities, including, but not limited to, office buildings, the subway system, public schools, public housing, hospitals, water and wastewater treatment plants, parks, police and fire stations, bus depots, and airports.

In 2017, the last year of the current supplemental long-term power supply agreement, the Authority and the New York City governmental customers entered into negotiations for a new supplemental long-term power supply agreement ("LTA"). The LTA incorporates recent shifts in the electricity business, New York State’s clean energy goals, and continuing changes in the Authority’s supply portfolio, all in an effort to continue to provide value for, and serve this customer group.

Beyond the need for the LTA to continue to provide a degree of price stability for the Customers, the Authority set forth a means for Customers to more actively manage their energy supply portfolios, both through integration of potential renewables projects and clean on-site generation. Importantly, meeting the clean energy goals set forth by Governor Andrew Cuomo in the 2015 New York State Energy Plan was a core objective of the Authority throughout the negotiation process. The resulting LTAs represent agreements that will support New York State’s clean energy goals, provide budget certainty for these Customers, and continue to provide a stable customer base and revenue stream for the Authority. In 2016, these governmental customers accounted for roughly $1.1 billion in total revenue to the Authority.

DISCUSSION

Developed in collaboration with the Customers’ input and their respective evolving requirements, the features of the LTAs are as follows: i) The Authority will supply the Customers’ full electricity requirements through December 31, 2027; ii) the Authority will provide Customers budget certainty in setting total fixed costs for the 500 Megawatt Power Plant ("500 MW Plant") at $105 million per year (comprised of $97 million per year associated with the 500 MW Plant and a Load Serving Entity Fee of $8 million per year), a percentage of which will be allocated amongst the Customers. These fixed costs include operations and maintenance, and shared services expenses set at $105 million for the first five years of the LTA. These fixed costs will be renegotiated at the midpoint of the LTA; iii) individualized agreements for each Customer; iv) Customers will pay their allocated share of the fixed and variable costs for NYPA’s 500 MW Plant to receive its attendant benefits; v) Customers will have the ability to purchase renewable market products, either to be facilitated by NYPA or third-party providers, in order to meet their renewable energy goals; vi) Customers will have the ability to develop clean on-site and/or renewable distributed generation facilitated either by the Authority or third-party providers; vii) OGS may address its risk management goals through the option to hedge financially; viii) Customers will continue to pay the remaining expenses incurred with the decommissioning of the Poletti plant; ix) Zero Emission Credit payments will be collected from Customers under the terms of this agreement; and x) Consolidated Edison Company of New York, Inc.’s delivery charges will continue to be passed-through at cost, without mark-up.
The LTA has been administratively approved by OGS and following NYPA’s Trustee approval will be transmitted to the New York State Attorney-General and the New York Office of the State Comptroller for OGS final approval in the form attached as Exhibit ‘5e i-1g-A.’ The LTA has an associated electric service tariff included in the exhibit.

The Trustees have previously approved similar LTAs for nine (9) of the eleven (11) governmental customers located within New York City: the City of New York, the New York City Housing Authority, the Port Authority of New York and New Jersey, the Battery Park City Authority, the Convention Center Operating Corporation (the Jacob K. Javits Convention Center of New York), the Empire State Development Corporation, the Hudson River Park Trust, the Roosevelt Island Operating Corporation, and the United Nations Development Corporation.

FISCAL INFORMATION

The adoption of the LTA for all New York City governmental customers would secure $105 million annually in revenue to the Authority to cover its 500 MW Plant fixed costs. Variable costs and benefits associated with the 500 MW Plant are revenue neutral to the Authority and will be passed-through to the Customers.

RECOMMENDATION

The Vice President - Economic Development recommends that the Trustees authorize the execution of the Long-Term Power Supply Agreement with the New York State Office of General Services, in the form attached in the following Exhibit ‘5e i-1g-A.’

For the reasons stated, I recommend the approval of the above-requested action by adoption the resolution below."

Upon motion made by Trustee Balboni and seconded by Trustee Trainor, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

WHEREAS, the Authority’s New York City governmental customers desire to have budget certainty, pursue clean energy goals, and obtain rate predictability and stability, and the Authority desires a stable customer base and revenue stream;

NOW, THEREFORE BE IT RESOLVED, That the Chairman, or his designee, is authorized to execute an agreement between the New York State Office of General Services (“OGS”) and the Authority, in the form attached hereto as Exhibit “5e i-1g-A” with such amendments, deletions and supplements along with any other documents necessary to effectuate the foregoing, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel or their respective designees to be appropriate to effectuate such agreements and be it further;

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
h. New York City Governmental Customer – Supplemental Long-Term Agreement (MTA)

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are respectfully requested to authorize the execution of a new supplemental long-term power supply agreement with the Metropolitan Transportation Authority (‘MTA’).

BACKGROUND

The Authority has served governmental customers, continuously and successfully, within New York City since 1976. The Authority serves a total of eleven governmental customers in this region in order to provide electric service to government facilities, including, but not limited to, office buildings, the subway system, public schools, public housing, hospitals, water and wastewater treatment plants, parks, police and fire stations, bus depots, and airports.

In 2017, the last year of the current supplemental long-term power supply agreement, the Authority and the New York City governmental customers entered into negotiations for a new supplemental long-term power supply agreement (‘LTA’). The LTA incorporates recent shifts in the electricity business, New York State’s clean energy goals, and continuing changes in the Authority’s supply portfolio, all in an effort to continue to provide value for, and serve this customer group.

Beyond the need for the LTA to continue to provide a degree of price stability for the Customers, the Authority set forth a means for Customers to more actively manage their energy supply portfolios, both through integration of potential renewables projects and clean on-site generation. Importantly, meeting the clean energy goals set forth by Governor Andrew Cuomo in the 2015 New York State Energy Plan was a core objective of the Authority throughout the negotiation process. The resulting LTAs represent agreements that will support New York State’s clean energy goals, provide budget certainty for these Customers, and continue to provide a stable customer base and revenue stream for the Authority. In 2016, these governmental customers accounted for roughly $1.1 billion in total revenue to the Authority.

DISCUSSION

Developed in collaboration with the Customers’ input and their respective evolving requirements, the features of the LTAs are as follows: i) The Authority will supply the Customers’ full electricity requirements through December 31, 2027; ii) the Authority will provide Customers budget certainty in setting total fixed costs for the 500 Megawatt Power Plant (‘500 MW Plant’) at $105 million per year (comprised of $97 million per year associated with the 500 MW Plant and a Load Serving Entity Fee of $8 million per year), a percentage of which will be allocated amongst the Customers. These fixed costs include operations and maintenance, and shared services expenses set at $105 million for the first five years of the LTA. These fixed costs will be renegotiated at the midpoint of the LTA; iii) individualized agreements for each Customer; iv) Customers will pay their allocated share of the fixed and variable costs for NYPA’s 500 MW Plant to receive its attendant benefits; v) Customers will have the ability to purchase renewable market products, either to be facilitated by NYPA or third-party providers, in order to meet their renewable energy goals; vi) Customers will have the ability to develop clean on-site and/or renewable distributed generation facilitated either by the Authority or third-party providers; vii) the Metropolitan Transportation Authority may address its risk management goals through the option to hedge financially; viii) Customers will continue to pay the remaining expenses incurred with the decommissioning of the Poletti plant; ix) Zero Emission Credit payments will be collected from Customers under the terms of this agreement; and x) Consolidated Edison Company of New York, Inc. delivery charges will continue to be passed-through at cost, without mark-up.
The LTA has been administratively approved by the MTA, in the form attached as Exhibit ‘5e 1-1h-A,’ and is awaiting approval by the MTA Board. The LTA has an associated electric service tariff included in the exhibit.

The Trustees have previously approved similar LTAs for nine (9) of the eleven (11) governmental customers located within New York City: the City of New York, the New York City Housing Authority, the Port Authority of New York and New Jersey, the Battery Park City Authority, the Convention Center Operating Corporation (the Jacob K. Javits Convention Center of New York), the Empire State Development Corporation, the Hudson River Park Trust, the Roosevelt Island Operating Corporation, and the United Nations Development Corporation.

FISCAL INFORMATION

The adoption of the LTA for all New York City governmental customers would secure $105 million annually in revenue to the Authority to cover its 500 MW Plant fixed costs. Variable costs and benefits associated with the 500 MW Plant are revenue neutral to the Authority and will be passed-through to the Customers.

RECOMMENDATION

The Vice President - Economic Development recommends that the Trustees authorize the execution of the long-term power supply agreement (“LTA”) in the form attached in the following Exhibit ‘5e 1-1h-A.’

For the reasons stated, I recommend the approval of the above-requested action by adoption the resolution below."

Upon motion made by Trustee Balboni and seconded by Trustee Trainor, the following resolution as submitted by the President and Chief Executive Officer was unanimously adopted.

WHEREAS, the Authority’s New York City governmental customers desire to have budget certainty, pursue clean energy goals, and obtain rate predictability and stability, and the Authority desires a stable customer base and revenue stream;

NOW, THEREFORE BE IT RESOLVED, That the Chairman, or his designee, is authorized to execute an agreement between the Metropolitan Transportation Authority (“MTA”) and the Authority, in the form attached hereto as Exhibit “5e 1-1h-A” with such amendments, deletions and supplements along with any other documents necessary to effectuate the foregoing, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel or their respective designees to be appropriate to effectuate such agreements and be it further;

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution,
subject to the approval of the form thereof by the Executive Vice President and General Counsel.
6. **Informational Item: Eureka Competition**

Ms. Kristine Pizzo, Senior Vice President of Human Resources and Enterprise Shared Services said that the winners of the Authority’s *Eureka! Innovation* competition were in attendance at the meeting and introduced Mr. Steven Kalashian, Vice President of Human Resources and Organizational Development, who provided highlights of the program and information regarding the ideas from the winners of the competition to the Board.

**NYPA Strategic Vision 2020**

Mr. Kalashian said that the journey to innovation started with the NYPA 2020 Strategic Vision, the six core strategic initiatives that were considered critical for the Authority’s transformation into the digital utility of the future.

**Innovation**

The Authority defines innovation as a creative solution to common problems. To that end, innovation competencies were developed for managers to drive innovation to create an environment that inspires employees to generate novel solutions and create new approaches to solve problems to achieve results regardless of the level that they are in the organization. Everyone has the ability to innovate and the success of NYPA as an organization is going to depend on employees bringing new, innovative ideas to the table and help it grow.

The aim is to shift the culture of the organization. Many great ideas in any organization come from all different levels -- from entry level to senior level. Therefore, it was important that NYPA embarked on the journey of bringing the concept of innovation from being a “buzz word” that people do not identify with to something they can all do in their jobs.

**Innovation Types**

NYPA conducted an organization-wide innovation training using a “bottom-up” / “top down” approach and specifically tailored to the organization. Four different innovation types, (Leaping, Leading, Improving and Enabling), were identified in order to create a common language so that staff could embrace the idea that anyone can create a new process that enhances one’s ability to do a job.

A cross-section of employees, some of whom are attending the meeting today, volunteered to be innovation champions.

NYPA then created a safe space where employees could submit ideas outside the normal managerial hierarchy, creating a channel where an Evaluation Committee made up from staff across the organization provides feedback. This was custom-built and designed by NYPA’s employees at all different levels through a workshop across all the sites. At the same time, NYPA wanted employees to know that, while an idea may not actually be implemented, it was committed to reviewing their ideas and providing feedback.

Two processes were identified: 1) the Fast track process, an enabling or improving innovation that does not require much budget or resources; and 2) a Standard Process for more robust projects that requires a budget.

**Competition**

Once the innovation framework was built, the employees of the organization were engaged by conducting an innovation competition, “*Eureka! Spark to Success*.” Following the launch of the competition, employees from across the organization submitted 158 ideas.
The final nine competitors that were identified created two-minute videos and employees across the organization voted for the winners of the competition.

The winners of the competition are as follows:

Leaping: Vertical Wind Turbines

Leading: On-Demand Buoy (Acoustic)

Improving: 3D Modelling

Enabling: Global Administrative Manual

Next Steps - The Journey Continues

Mr. Kalashian ended by saying that the aforementioned competition does not end the Authority’s journey on innovation. The goal is to not only hold an innovation competition, but also embed it into the culture of the organization. To that end, NYPA is organizing a “road show” for all the winners to visit the sites, meet with staff and discuss their ideas.

In addition, NYPA is launching a social collaboration software as part of its career management system creating an innovation community where staff can share ideas.

In terms of organization-wide training on design thinking, the Authority has created the framework and a channel where staff can have ideas reviewed. All of these ideas are now bringing design thinking and training into the organization so that the organization can look at challenges differently and find new solutions.
7. **Board Committee Report**

    a. **Audit Committee**

   Chairman Nicandri said that the Audit Committee members held an executive session to discuss some personnel issues. No votes were taken during the executive session.

   The Committee members also received an 18-month “check-up” on how NYPA is managing its operational control of the Canal Corporation in a safe and secure manner. The team noted that the model employed by the Authority would continue to evolve over time as NYPA gains additional operational experience with the Canal Corporation.
b. **Cyber and Physical Security**

Chairman Balboni said that the Cyber and Physical Committee members held an executive session to discuss matters regarding public safety and security. No votes were taken during the executive session.

The Committee members received an overview on the current cyber threat matrix and how they are being mitigated.

The members also received an overview of the Authority’s physical security program, which is in compliance with all of the regulatory requirements for those programs. In addition, the members were provided an overview of the ongoing efforts to upgrade all of the systems to make sure that the Authority continues to maintain best practices in its physical and cyber Security, and IT assets.

Chairman Balboni added that he, President Quiniones, Justin Driscoll, Executive Vice President and General Counsel and Kenneth Carnes, Chief Information Security Officer have been collaborating with other physical and cyber security teams with a view to understanding cyber security issues. To that end, President Quiniones and Justin Driscoll visited the Idaho Labs; Kenneth Carnes, the Department of Homeland Security at the National Cyber Communications Center and President Quiniones, Mr. Driscoll and he attended the Cyber Security Summit in New York City.
8. **Next Meeting**

The Regular meeting of the Trustees will be held on September 26, 2018 at the Clarence D. Rappleyea Building, White Plains, New York, unless otherwise designated by the Chairman with the concurrence of the Trustees.
Closing

Upon motion made by Trustee Trainor and seconded by Trustee Balboni, the meeting was adjourned at approximately 1:07 p.m.

Karen Delince

Karen Delince
Corporate Secretary
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Program</th>
<th>City</th>
<th>County</th>
<th>Job Retention Commitment</th>
<th>Power Allocation (kW)</th>
<th>Original Contract Expiration Date</th>
<th>New Contract Expiration Date</th>
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<tbody>
<tr>
<td>1 Citigroup Technology, Inc.</td>
<td>Replacement Power</td>
<td>Getzville</td>
<td>Erie</td>
<td>480</td>
<td>750</td>
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<td>Amherst</td>
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<td><strong>2,200</strong></td>
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POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER
(CES)

to

CITIGROUP TECHNOLOGY, INC.
The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power (“Agreement”) with Citigroup Technology, Inc. (“Customer”), having facilities at 580 Crosspoint Parkway, Getzville, NY, 14068. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree follows:

**RECITALS**

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission (“FERC”) Project No. 2216, known as “Expansion Power” (or “EP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as “Replacement Power” (or “RP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts (“MW”) of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant’s long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient’s facilities are located;

WHEREAS, the Customer applied to the Authority for an allocation of hydropower to support operations at a new and/or expanded facility to be constructed and operated by the Customer (defined in Section I of this Agreement as the “Facility”);

WHEREAS, on March 20, 2018, the Authority’s Board of Trustees (“Trustees”) approved an extension of the 750 kilowatt (“kW”) allocation of RP to the Customer through June 30, 2020 (defined in Section I of this Agreement as the “Allocation”) in connection with the construction and/or operation of the Facility as further described in this Agreement;

WHEREAS, on March 20, 2018, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the Allocation;

WHEREAS, the provision of Electric Service associated with the Allocation is an
unbundled service separate from the transmission and delivery of power and energy to the Customer, and delivery service will be performed by the Customer’s local electric utility in accordance with the Utility Tariff;

WHEREAS, the Parties have reached an agreement on the sale of the Allocation to the Customer on the terms and conditions provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for certain contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

   A. Agreement means this Agreement.

   B. Allocation refers to the allocation of EP and/or RP awarded to the Customer as specified in Schedule A.

   C. Contract Demand is as defined in Service Tariff No. WNY-1.

   D. Electric Service is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

   E. Expansion Power (or EP) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

   F. Facility means the Customer’s facilities as described in Schedule A to this Agreement.

   G. Firm Power is as defined in Service Tariff No. WNY-1.

   H. Firm Energy is as defined in Service Tariff No. WNY-1.

   I. FERC means the Federal Energy Regulatory Commission (or any successor organization).

   J. FERC License means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.
K. **Hydro Projects** is a collective reference to the Project and the Authority’s St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity** (or **LSE**) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power** (or **RP**) is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority’s rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority’s Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled “Expansion Power and/or Replacement Power Allocations” which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled “Expansion Power and/or Replacement Power Commitments” which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

V. **Schedule D** refers to the Schedule D entitled “Clean Energy Standard Cost Recovery Charges” which is attached to and made part of this Agreement.

W. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.
X. **Taxes** is as defined in Service Tariff No. WNY-1.

Y. **Unforced Capacity (or “UCAP”)** means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Z. **Utility Tariff** means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. **Electric Service**

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer’s local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. **Rates, Terms and Conditions**

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30
days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority’s competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority’s bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

C. In addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff WNY-1 and the Rules, Electric Service shall be subject to the Clean Energy Standard Cost Recovery Charges provided for in Schedule D.

IV. Expansion Power and/or Replacement Power Commitments

A. Schedule B sets forth the Customer’s specific “Expansion Power and/or Replacement Power Commitments.” The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority’s obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer’s performance of the commitments described in Schedule B.

C. In the event of partial completion of the Facility which has resulted in such Facility being partly operational and the partial attainment of the Base Employment Level, the Authority may, upon the Customer’s request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support the operations of the partially completed Facility.

D. The Customer shall give the Authority not less than ninety (90) days' advance notice in writing of the anticipated date of partial or full completion of the Facility. The Authority will inspect the Facility for the purpose of verifying the completion status of the Facility and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer’s local electric utility and the NYISO.
V. Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI. Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible for complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority’s behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff (“NYISO Charges”), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer’s local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing related to EP and/or RP, and/or the performance of such parties’ obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the Customer’s local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, “Information”) which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing
related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer’s local electric utility. The Customer’s failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a “load factor sharing” basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer’s local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billing to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall
have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority’s firm power customers served by the Authority from the Hydro Projects, curtailments (i.e. reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a pro rata basis to all firm power and energy customers served from the Hydro Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments referenced in Section VIII.A of this Agreement that could impact Customer’s Electric Service under this Agreement. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority’s Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

D. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days’ prior written notice.
IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days’ notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as
follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email:
Facsimile: ______
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Citigroup Technology, Inc.
580 Crosspoint Parkway
Getzville, NY, 14068
Email:
Facsimile:
Attention:

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.
XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party’s interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each
Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]
AGREED:

CITIGROUP TECHNOLOGY, INC.

By: _____________________________________________
Title: _____________________________________________
Date: _____________________________________________

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____________________________________________
     John R. Koelmel, Chairman
Date: _____________________________________________
## EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: Citigroup Technology, Inc.

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<td>750</td>
<td>580 Crosspoint Parkway, Getsville, NY 14068</td>
<td>March 20, 2018</td>
<td>October 1, 2018</td>
<td>June 30, 2020</td>
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</table>
EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Employment Commitments

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer’s creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for bona fide economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer’s Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice
all non-confidential written and electronic records and data concerning employment
levels including, but not limited to, personnel records and summaries held by the
Customer and its affiliates relating to employment in New York State.

II. Reductions of Contract Demand

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the
Base Employment Level set forth in this Schedule B, for the subject calendar year, the
Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The
maximum amount of reduction will be determined by multiplying the Contract Demand
by the quantity one minus the quotient of the average monthly employment during the
subject calendar year divided by the Base Employment Level. Any such reduction shall
be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract
Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year
basis to the Authority on or before the last day of February following the end of the most
recent calendar year, of the maximum demand utilized each month in the Facility
receiving the power covered by the Agreement. If the average of the Customer’s six (6)
highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for
Expansion Power and/or Replacement Power is less than 90% of the Customer’s Contract
Demand in such calendar year the Authority may reduce the Contract Demand subject to
Article II.D of this Schedule. The maximum amount by which the Authority may reduce
the Contract Demand shall be determined by multiplying the Contract Demand by the
quantity one minus the quotient of the average of the six (6) highest Billing Demands for
in such calendar year divided by the Contract Demand. Any such reduction shall be
rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand
to zero, this Agreement shall automatically terminate.

C. Capital Investment

The Customer agrees to undertake the capital investment set forth in the Appendix
to this Schedule.

Notwithstanding any other provision of the Agreement, the Customer shall
provide the Authority with such access to the Facility, and such documentation, as the
Authority deems necessary to determine the Customer’s compliance with the Customer’s
obligations provided for in this Schedule B.
D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule, the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer’s scheduled or unscheduled maintenance or Facility upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Information Requests

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority’s own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.
APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 480 full-time employees ("Base Employment Level") at the Customer’s Facility. The Base Employment Level shall be maintained for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT

N/A
SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER
AND/OR REPLACEMENT POWER (CES)

TAKEDOWN SCHEDULE

N/A
1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules, the Customer shall be subject to a (i) Zero Emission Credit (“ZEC”) Charge, and (ii) Renewable Energy Credit (“REC”) Charge (collectively, the “Clean Energy Standard Cost Recovery Charges”), as of the dates indicated herein. The Clean Energy Standard Cost Recovery Charges shall be in addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff No. WNY-1 and the Rules.

2. The Clean Energy Standard Cost Recovery Charges have been developed to support the Clean Energy Standard (“CES”) established by the New York Public Service Commission (“PSC”) in an order entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-270 (the “CES Order”). The CES is intended to implement the clean energy goals of the State Energy Plan (“SEP”). The SEP’s goals are that 50% of New York’s consumed electricity is to be provided by renewable electricity sources of power by 2030, and to reduce statewide greenhouse gases by 40% by 2030.

3. As detailed in the CES Order, the PSC established a regulatory program (the “CES Program”) which imposes two requirements on load serving entities (“LSEs”) identified in the CES Order (hereinafter, “Affected LSEs”):

   (1) An obligation to purchase “Zero Emission Credits” (“ZECs”) from the New York State Energy Research Development Authority (“NYSERDA”), in an amount representing the Affected LSE’s proportional share of ZECs calculated by the amount of electric load it serves in relation to the total electric load served by all LSEs in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is currently scheduled to commence on April 1, 2017, and will be implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).

   (2) An obligation to support renewable generation resources to serve the Affected LSE’s retail customers to be evidenced by the procurement of qualifying Renewable Energy Credits (“RECs”) in quantities that satisfy mandatory minimum percentage proportions of the total retail load served by the Affected LSE (the “REC Purchase Obligation”). Minimum purchase proportions for Affected LSEs for years 2017-2021 are specified in the CES Order, subject to adjustment after a 3-year look-back, and the PSC indicates it will adopt increasingly larger minimum purchase proportions for years 2022-2030. The REC Purchase Obligation is

1 Capitalized terms not defined in this Schedule D have the meaning ascribed to them in the Agreement, Service Tariff No. WNY-1, or the Rules.
scheduled to commence January 1, 2017 and will be implemented on the basis of program years running from January 1 through December 31 of each year (“REC Program Year”).

4. The Authority is not subject to PSC jurisdiction for purposes of the CES Order. However, it supplies electricity to end-use customers throughout the State in a manner similar to an Affected LSE, and supports the clean energy goals of the SEP. Therefore, the Authority will participate in the CES Program as further explained herein by (i) assuming a ZEC Purchase Obligation, and (ii) adapting a form of the REC Purchase Obligation, through an Authority REC Program, to the end-user load for which the Authority serves as an LSE, including power sold under EP and RP Programs, for the purpose of implementing the CES and the SEP’s clean energy goals. The Authority’s participation in the CES Program as described will cause the Authority to incur costs. The ZEC Charge and the REC Charge are intended to recover from the Customer the costs the Authority will incur from purchasing ZECs and RECs that are attributable to Customer load served under this Agreement. By accepting Electric Service under the Agreement, the Customer agrees to reimburse the Authority for such costs through payment of the ZEC Charge and REC Charge.

5. **ZEC Charge**

   a. The Authority anticipates the ZEC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

   i. The cost of the total ZEC Requirement for all LSEs in the New York Control Area, including the Authority as a participating LSE, will be assessed as described in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA. Its share will be based on the proportion of the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The Authority anticipates that LSE ZEC Purchase Obligations will be based on initial forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

   ii. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as LSE, including the EP and RP Programs (the “EP and RP Programs ZEC Cost”). Such allocation will be based on the forecasted kilowatt-hours load of the EP and RP Programs to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for the ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation would be allocated to the EP and RP Programs based on the proportion of the actual annual kilowatt-hours load served under such Programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
iii. The Authority will allocate a portion of the EP and RP Programs ZEC Cost to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the EP and/or RP purchased by the Customer to total kilowatt-hours load served by the Authority under the EP and RP Programs (EP and RP Programs level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation mentioned above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the EP and RP Program by the Authority (EP and RP Programs level load).

b. The ZEC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after April 1, 2017, unless by written notice the Authority specifies that the ZEC Charge shall apply to sales of EP and/or RP commencing on a later date.

6. REC Charge

a. The Authority anticipates the REC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

i. Under the Authority REC Program, the Authority will, at a minimum, secure a sufficient number of RECs as required by the REC Purchase Obligation to cover the Customer’s load based on the percent of the Customer’s kilowatt-hour load as prescribed in the CES Order. The Authority will purchase RECs from NYSERDA or secure qualified RECs from one or more other sources in the Authority’s discretion.

ii. The Authority may, in its sole discretion, as part of the Authority REC Program, offer the Customer a “customer choice component” that would allow the Customer to elect one or more options in connection with the REC Purchase Obligation, such as (but not necessarily limited to) the following: (a) designate the Authority to secure RECs for the Customer’s load, and pay the Authority the REC Charge; (b) purchase the required number of qualifying RECs itself pursuant to an authorized Authority-developed process, thereby avoiding payment of the standard REC Charge; or (c) make a form of Alternative Compliance Payments (“ACPs”) as calculated by the Authority pursuant to an authorized Authority-developed process.

iii. The costs incurred by the Authority under the Authority REC Program that are attributable to the Customer’s load will be passed on to the Customer as the REC Charge. Depending on the availability of the Customer’s kilowatt-hour load information and other data from third-party sources, the Customer will either be billed for actual costs or estimated costs subject to reconciliation adjustments.
b. The REC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after January 1, 2017, unless by written notice the Authority specifies that the REC Charge shall apply to sales of EP and/or RP commencing on a later date.

7. The Authority may, in its discretion, provide the Customer with additional information relating to the determination of the Clean Energy Standard Cost Recovery Charges by notice prior to the first billing of either charge, at the time of the first billing of either charge, or in another appropriate manner determined by the Authority.

8. The Authority may, in its sole discretion, modify the manner in which it participates in the CES Program, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, the Authority’s legal and financial obligations and policies, changes of law, and other information the Authority determines to be appropriate.

9. The Authority may, in its sole discretion, include the Clean Energy Standard Cost Recovery Charges as part of the bills that are rendered pursuant to Article VII of the Agreement, or bill the Customer for such Charges pursuant to another procedure to be established by the Authority.

10. The Authority may, in its sole discretion, modify the methodology used for determining the Clean Energy Standard Cost Recovery Charges and the procedures used to implement such charges, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, and any other matter the Authority determines to be appropriate to the determination of such methodology.

11. Nothing in this Schedule D shall limit or otherwise affect the Authority’s right to: (a) charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules; or (b) charge the Customer, or recover from the Customer for, any cost, expense or other liability to the Authority resulting from any statutory enactment, or any action of the PSC or other governmental authority relating to the SEP or CES.
POWER AUTHORITY OF THE STATE OF NEW YORK

30 SOUTH PEARL STREET

ALBANY, NY 12207

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located

In Western New York

Service Tariff No. WNY-1

Date of Issue: June 1, 2015
Date Effective: July 1, 2015

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
# Table of Contents

## Schedule of Rates for Firm Power Service

<table>
<thead>
<tr>
<th>Section</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Applicability</td>
<td>3</td>
</tr>
<tr>
<td>II. Abbreviations and Terms</td>
<td>3</td>
</tr>
<tr>
<td>III. Monthly Rates and Charges</td>
<td>5</td>
</tr>
<tr>
<td>A. Expansion Power (EP) and Replacement Power (RP) Base Rates</td>
<td>5</td>
</tr>
<tr>
<td>B. EP and RP Rates no Lower than Rural/Domestic Rate</td>
<td>5</td>
</tr>
<tr>
<td>C. Monthly Base Rates Exclude Delivery Service Charges</td>
<td>6</td>
</tr>
<tr>
<td>D. Minimum Monthly Charge</td>
<td>6</td>
</tr>
<tr>
<td>E. Estimated Billing</td>
<td>6</td>
</tr>
<tr>
<td>F. Adjustments to Charges</td>
<td>7</td>
</tr>
<tr>
<td>G. Billing Period</td>
<td>7</td>
</tr>
<tr>
<td>H. Billing Demand</td>
<td>7</td>
</tr>
<tr>
<td>I. Billing Energy</td>
<td>7</td>
</tr>
<tr>
<td>J. Contract Demand</td>
<td>7</td>
</tr>
<tr>
<td>IV. General Provisions</td>
<td>8</td>
</tr>
<tr>
<td>A. Character of Service</td>
<td>8</td>
</tr>
<tr>
<td>B. Availability of Energy</td>
<td>8</td>
</tr>
<tr>
<td>C. Delivery</td>
<td>8</td>
</tr>
<tr>
<td>D. Adjustment of Rates</td>
<td>8</td>
</tr>
<tr>
<td>E. Billing Methodology and Billing</td>
<td>8</td>
</tr>
<tr>
<td>1. Demand and Energy Rates, Taxes</td>
<td>9</td>
</tr>
<tr>
<td>2. Transmission Charge</td>
<td>9</td>
</tr>
<tr>
<td>3. NYISO Transmission and Related Charges</td>
<td>9</td>
</tr>
<tr>
<td>4. Taxes Defined</td>
<td>10</td>
</tr>
<tr>
<td>5. Substitute Energy</td>
<td>10</td>
</tr>
<tr>
<td>6. Payment Information</td>
<td>10</td>
</tr>
<tr>
<td>F. Payment by Customer to Authority</td>
<td>9</td>
</tr>
<tr>
<td>G. Rendition and Payment of Bills</td>
<td>11</td>
</tr>
<tr>
<td>H. Adjustment of Charges</td>
<td>11</td>
</tr>
<tr>
<td>1. Distribution Losses</td>
<td>11</td>
</tr>
<tr>
<td>I. Conflicts</td>
<td>11</td>
</tr>
<tr>
<td>J. Customer Resales Prohibited</td>
<td>11</td>
</tr>
<tr>
<td>V. Annual Adjustment Factor</td>
<td>12</td>
</tr>
</tbody>
</table>
Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. Abbreviations and Terms

- kW kilowatt(s)
- kW-mo. kilowatt-month
- kWh kilowatt-hour(s)
- MWh megawatt-hour(s)
- NYISO New York Independent System Operator, Inc. or any successor organization
- PAL New York Public Authorities Law
- OATT Open Access Transmission Tariff

**Agreement**: An executed “Agreement for the Sale of Expansion and/or Replacement Power and Energy” between the Authority and the Customer (each as defined below).

**Annual Adjustment Factor** or **AAF**: This term shall have the meaning set forth in Section V herein.

**Authority**: The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the “New York Power Authority.”

**Customer**: A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

**Electric Service**: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

**Expansion Power** and/or **Replacement Power**: Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

**Firm Power**: Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.
**Firm Energy**: Energy (kWh) associated with Firm Power.

**Load Serving Entity or LSE**: This term shall have the meaning set forth in the Agreement.

**Load Split Methodology or LSM**: A load split methodology applicable to a Customer’s allocation. It is usually provided for in an agreement between the Authority and the Customer’s local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer’s local electric utility, or such local utility’s tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as “Load Factor Sharing” or “LFS”, “First through the Meter” or “FTM”, “First through the Meter Modified” or “FTM Modified”, or “Replacement Power 2” or “RP 2”.

**Project**: The Authority’s Niagara Power Project, FERC Project No. 2216.

**Rate Year or RY**: The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.

**Rules**: The Authority’s rules and regulations set forth in 21 NYCRR § 450 et seq., as they may be amended from time to time.

**Service Tariff**: This Service Tariff No. WNY-1.

**Target Rate**: This term shall have the meaning set forth in Section III herein.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.
III. Monthly Rates and Charges

A. Expansion Power (EP) and Replacement Power (RP) Base Rates

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a “Target Rate.” The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of “preservation power” as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority’s then-applicable EP and RP tariffs. The Target Rate (i.e. demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the “annual increment.”

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

   RY 2013: July 1, 2013 to June 30, 2014
   RY 2014: July 1, 2014 to June 30, 2015
   RY 2015: July 1, 2015 to June 30, 2016

   The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor (“AAF”) described in Section V herein, shall be applied as follows:

   A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

   B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

   C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. EP and RP Rates no Lower than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the
Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. Monthly Base Rates Exclude Delivery Service Charges

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. Minimum Monthly Charge

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer’s Allocation.

E. Estimated Billing

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer’s actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage (“Estimated Bill”).

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer’s Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer’s Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer’s Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer’s Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.
For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer’s actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority’s discretion to render Estimated Bills is not intended to limit the Authority’s rights under the Agreement.

F. Adjustments to Charges

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. 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 electric utility in whose service territory the Customer’s facilities are located.

H. Billing Demand

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I. Billing Energy

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J. Contract Demand

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.
IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority’s obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA’s Firm Power customers served from the Hydro Projects, hydropower curtailments (i.e. reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a pro rata basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority’s designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.
2. Billing Demand – The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer’s meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer’s local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer’s local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy – The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer’s meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer’s local electric utility for delivery of WNY Power.

F. Payment by Customer to Authority

1. Demand and Energy Charges, Taxes

The Customer shall pay the Authority for Firm Power and Energy during any billing period the higher of either (i) the sum of (a), (b) and (c) below or (ii) the monthly minimum charge as defined herein:

a. The demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer’s billing demand (as defined in Section IV.E, above) for the billing period; and

b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer’s billing energy (as defined in Section IV.E, above) for the billing period; and

c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. 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 OATT.

3. NYISO Transmission and Related Charges (“NYISO Charges”)

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

A. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

B. Marginal losses;
C. The New York Power Authority Transmission Adjustment Charge ("NTAC");

D. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), 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.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

The method of billing NYISO charges to the Customer will be based on Authority’s discretion.

4. Taxes Defined

Taxes shall be any adjustment as the Authority deems necessary to recover from the Customer any taxes, assessments or any other charges mandated by federal, state or local agencies or authorities that are levied on the Authority or that the Authority is required to collect from the Customer if and to the extent such taxes, assessments or charges are not recovered by the Authority pursuant to another provision of this Service Tariff.

5. Substitute Energy

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

6. Payment Information

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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.
G. **Rendition and Payment of Bills**

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10th) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. **Adjustment of Charges**

1. **Distribution Losses**

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. **Conflicts**

   The Authority’s Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. **Customer Resales Prohibited**

   The Customer may not resell any quantity of Expansion Power and/or Replacement Power.
V. Annual Adjustment Factor

A. Adjustment of Rates

1. The AAF 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 AAF. The AAF 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 ±5.0% (“±5% Collar”). Amounts outside the ±5% Collar shall be referred to as the “Excess.”

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 price (as measured in cents/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 Factor 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 AAF.

Step 3: Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.

a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year’s AAF, up to the ±5% Collar.
b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

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

3. The Authority shall provide the 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, the Customer and the 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 Section V.A.1.
B. Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):

STEP 1

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

<table>
<thead>
<tr>
<th>Measuring Year</th>
<th>Measuring Year - 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>171.2</td>
</tr>
<tr>
<td>February</td>
<td>172.8</td>
</tr>
<tr>
<td>March</td>
<td>171.6</td>
</tr>
<tr>
<td>April</td>
<td>173.8</td>
</tr>
<tr>
<td>May</td>
<td>175.1</td>
</tr>
<tr>
<td>June</td>
<td>185.7</td>
</tr>
<tr>
<td>July</td>
<td>186.4</td>
</tr>
<tr>
<td>August</td>
<td>184.7</td>
</tr>
<tr>
<td>September</td>
<td>185.5</td>
</tr>
<tr>
<td>October</td>
<td>175.5</td>
</tr>
<tr>
<td>November</td>
<td>172.2</td>
</tr>
<tr>
<td>December</td>
<td>171.8</td>
</tr>
</tbody>
</table>

Average 177.2 172.8

Ratio of MY/MY-1 1.03
### Index 2 – EIA Industrial Rate

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

Ratio of MY/MY-1: 1.00
### Index 3 – Producer Price Index, Industrial Commodities Less Fuel

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>190.1</td>
</tr>
<tr>
<td>February</td>
<td>190.9</td>
</tr>
<tr>
<td>March</td>
<td>191.6</td>
</tr>
<tr>
<td>April</td>
<td>192.8</td>
</tr>
<tr>
<td>May</td>
<td>194.7</td>
</tr>
<tr>
<td>June</td>
<td>195.2</td>
</tr>
<tr>
<td>July</td>
<td>195.5</td>
</tr>
<tr>
<td>August</td>
<td>196.0</td>
</tr>
<tr>
<td>September</td>
<td>196.1</td>
</tr>
<tr>
<td>October</td>
<td>196.2</td>
</tr>
<tr>
<td>November</td>
<td>196.6</td>
</tr>
<tr>
<td>December</td>
<td>196.7</td>
</tr>
<tr>
<td>Average</td>
<td>194.4</td>
</tr>
</tbody>
</table>

Ratio of MY/MY-1: 1.02

#### STEP 2

Determine AAF by Summing the Weighted Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Ratio of MY to MY-1</th>
<th>Weight</th>
<th>Weighted Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPI Industrial Power</td>
<td>1.03</td>
<td>0.35</td>
<td>0.361</td>
</tr>
<tr>
<td>EIA Industrial Rate</td>
<td>1.00</td>
<td>0.40</td>
<td>0.400</td>
</tr>
<tr>
<td>PPI Industrial Commodities less fuel</td>
<td>1.02</td>
<td>0.25</td>
<td>0.255</td>
</tr>
<tr>
<td><strong>AAF</strong></td>
<td></td>
<td></td>
<td><strong>1.016</strong></td>
</tr>
</tbody>
</table>

#### STEP 3

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.
**STEP 4**

Apply AAF to Calculate the New Rate Year Base Rate

<table>
<thead>
<tr>
<th></th>
<th>Demand $/kW-mo.</th>
<th>Energy $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate Year Base Rate</td>
<td>7.56</td>
<td>12.91</td>
</tr>
<tr>
<td>New Rate Year Base Rate</td>
<td>7.68</td>
<td>13.12</td>
</tr>
</tbody>
</table>
POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER
(CES)

to

M&T BANK CORPORATION
The POWER AUTHORITY OF THE STATE OF NEW YORK ("Authority"), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law ("PAL"), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power ("Agreement") with M&T Bank Corporation ("Customer"), with offices at 191 Park Club Lane, Amherst, New York 14221. The Authority and the Customer are from time to time referred to in this Agreement as "Party" or collectively as "Parties" and agree follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission ("FERC") Project No. 2216, known as "Expansion Power" (or "EP"), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as "Replacement Power" (or "RP"), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts ("MW") of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant’s long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient’s facilities are located;

WHEREAS, the Customer applied to the Authority for an allocation of hydropower to support operations at a new and/or expanded facility to be constructed and operated by the Customer (defined in Section I of this Agreement as the “Facility”);

WHEREAS, on March 20, 2018, the Authority’s Board of Trustees ("Trustees") approved an extension of the 1,150 kilowatt ("kW") allocation of EP to the Customer through June 30, 2020 (defined in Section I of this Agreement as the “Allocation”) in connection with the construction and/or operation of the Facility as further described in this Agreement;

WHEREAS, on March 20, 2018, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the Allocation;

WHEREAS, the provision of Electric Service associated with the Allocation is an
unbundled service separate from the transmission and delivery of power and energy to the Customer, and delivery service will be performed by the Customer’s local electric utility in accordance with the Utility Tariff;

WHEREAS, the Parties have reached an agreement on the sale of the Allocation to the Customer on the terms and conditions provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for certain contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

A. **Agreement** means this Agreement.

B. **Allocation** refers to the allocation of EP and/or RP awarded to the Customer as specified in Schedule A.

C. **Contract Demand** is as defined in Service Tariff No. WNY-1.

D. **Electric Service** is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

E. **Expansion Power** (or **EP**)) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

F. **Facility** means the Customer’s facilities as described in Schedule A to this Agreement.

G. **Firm Power** is as defined in Service Tariff No. WNY-1.

H. **Firm Energy** is as defined in Service Tariff No. WNY-1.

I. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).

J. **FERC License** means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.
K. **Hydro Projects** is a collective reference to the Project and the Authority’s St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity** (or LSE) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power** (or RP) is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority’s rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority’s Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled “Expansion Power and/or Replacement Power Allocations” which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled “Expansion Power and/or Replacement Power Commitments” which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

V. **Schedule D** refers to the Schedule D entitled “Clean Energy Standard Cost Recovery Charges” which is attached to and made part of this Agreement.

W. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.
X. Taxes is as defined in Service Tariff No. WNY-1.

Y. Unforced Capacity (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Z. Utility Tariff means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. Electric Service

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer’s local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. Rates, Terms and Conditions

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30
days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority’s competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority’s bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

C. In addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff WNY-1 and the Rules, Electric Service shall be subject to the Clean Energy Standard Cost Recovery Charges provided for in Schedule D.

IV. Expansion Power and/or Replacement Power Commitments

A. Schedule B sets forth the Customer’s specific “Expansion Power and/or Replacement Power Commitments.” The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority’s obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer’s performance of the commitments described in Schedule B.

C. In the event of partial completion of the Facility which has resulted in such Facility being partly operational and the partial attainment of the Base Employment Level, the Authority may, upon the Customer’s request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support the operations of the partially completed Facility.

D. The Customer shall give the Authority not less than ninety (90) days' advance notice in writing of the anticipated date of partial or full completion of the Facility. The Authority will inspect the Facility for the purpose of verifying the completion status of the Facility and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer’s local electric utility and the NYISO.
V. Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI. Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority’s behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff (“NYISO Charges”), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer’s local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary to provide for the Allocation, sale and delivery of EP and/or RP to the Customer, the proper and efficient implementation of the EP and/or RP programs, billing related to EP and/or RP, and/or the performance of such parties’ obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the Customer’s local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, “Information”) which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing
related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer’s local electric utility. The Customer’s failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a “load factor sharing” basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer’s local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall
have the right to require the Customer to deposit with the Authority a sum of money in an
amount equal to all charges that would be due under this Agreement for Electric Service
for two (2) consecutive calendar months as estimated by the Authority. Such deposit
shall be deemed security for the payment of unpaid bills and/or other claims of the
Authority against the Customer upon termination of Electric Service. If the Customer
fails or refuses to provide the deposit within thirty (30) days of a request for such deposit,
the Authority may, in its sole discretion, suspend Electric Service to the Customer or
terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and
the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any
and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is
insufficient energy from the Hydro Projects to supply the full power and energy
requirements of the Authority’s firm power customers served by the Authority from the
Hydro Projects, curtailments (i.e. reductions) in the amount of Firm Power and Firm
Energy associated with the Allocation to which the Customer is entitled shall be applied
on a pro rata basis to all firm power and energy customers served from the Hydro
Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments
referred to in Section VIII.A of this Agreement that could impact Customer’s Electric
Service under this Agreement. Upon written request by the Customer, the Authority will
provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy
that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will
pay the Authority directly during the billing month: (1) the difference between the
market cost of the Substitute Energy and the charge for firm energy as provided for in
this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection
with the provision of such Substitute Energy. Billing and payment for Substitute Energy
shall be governed by the Billing and Payments provision of the Authority’s Rules
(Section 454.6) and shall apply directly to the Substitute Energy service supplied to the
Customer.

D. The Parties may enter into a separate agreement to facilitate the provision of Substitute
Energy, provided, however, that the provisions of this Agreement shall remain in effect
notwithstanding any such separate agreement. The provision of Substitute Energy may
be terminated by the Authority or the Customer on fifteen (15) days’ prior written notice.
IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days’ notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or relicensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as
To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: _______________________
Facsimile: ______
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

M&T Bank Corporation
191 Park Club Lane
Amherst, New York 14221
Email: _______________________
Facsimile: ______
Attention: _______________________

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.
XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party’s interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each
Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]
AGREED:

M&T BANK CORPORATION

By: ________________________________
Title: ______________________________
Date: ______________________________

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ______________________________________
    John R. Koelmel, Chairman
Date: ________________________________
## SCHEDULE A TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER (CES)

### EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: M&T Bank Corporation

<table>
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<tr>
<th>Type of Allocation</th>
<th>Allocation Amount (kW)</th>
<th>Facility</th>
<th>Trustee Approval Date</th>
<th>Allocation/Extension Effective Date</th>
<th>Extended Expiration Date</th>
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<td>March 20, 2018</td>
<td>December 1, 2018</td>
<td>June 30, 2020</td>
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SCHEDULE B TO AGREEMENT FOR THE SALE OF EXPANSION POWER
AND/OR REPLACEMENT POWER (CES)

EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Employment Commitments

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer’s creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for bona fide economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer’s Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice.
all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

II. Reductions of Contract Demand

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement. If the average of the Customer’s six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for Expansion Power and/or Replacement Power is less than 90% of the Customer’s Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Capital Investment

The Customer agrees to undertake the capital investment set forth in the Appendix to this Schedule.

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer’s compliance with the Customer’s obligations provided for in this Schedule B.
D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule, the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer’s scheduled or unscheduled maintenance or Facility upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Information Requests

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority’s own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.
APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 128 full-time employees ("Base Employment Level") at the Customer’s Facility. The Base Employment Level shall be maintained for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT

N/A
SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER
AND/OR REPLACEMENT POWER (CES)

TAKEDOWN SCHEDULE

N/A
1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules, the Customer shall be subject to a (i) Zero Emission Credit (“ZEC”) Charge, and (ii) Renewable Energy Credit (“REC”) Charge (collectively, the “Clean Energy Standard Cost Recovery Charges”), as of the dates indicated herein. The Clean Energy Standard Cost Recovery Charges shall be in addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff No. WNY-1 and the Rules.

2. The Clean Energy Standard Cost Recovery Charges have been developed to support the Clean Energy Standard (“CES”) established by the New York Public Service Commission (“PSC”) in an order entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-270 (the “CES Order”). The CES is intended to implement the clean energy goals of the State Energy Plan (“SEP”). The SEP’s goals are that 50% of New York’s consumed electricity is to be provided by renewable electricity sources of power by 2030, and to reduce statewide greenhouse gases by 40% by 2030.

3. As detailed in the CES Order, the PSC established a regulatory program (the “CES Program”) which imposes two requirements on load serving entities (“LSEs”) identified in the CES Order (hereinafter, “Affected LSEs”):

   (1) An obligation to purchase “Zero Emission Credits” (“ZECs”) from the New York State Energy Research Development Authority (“NYSERDA”), in an amount representing the Affected LSE’s proportional share of ZECs calculated by the amount of electric load it serves in relation to the total electric load served by all LSEs in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is currently scheduled to commence on April 1, 2017, and will be implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).

   (2) An obligation to support renewable generation resources to serve the Affected LSE’s retail customers to be evidenced by the procurement of qualifying Renewable Energy Credits (“RECs”) in quantities that satisfy mandatory minimum percentage proportions of the total retail load served by the Affected LSE (the “REC Purchase Obligation”). Minimum purchase proportions for Affected LSEs for years 2017-2021 are specified in the CES Order, subject to adjustment after a 3-year look-back, and the PSC indicates it will adopt increasingly larger minimum purchase proportions for years 2022-2030. The REC Purchase Obligation is

1 Capitalized terms not defined in this Schedule D have the meaning ascribed to them in the Agreement, Service Tariff No. WNY-1, or the Rules.
scheduled to commence January 1, 2017 and will be implemented on the basis of program years running from January 1 through December 31 of each year (“REC Program Year”).

4. The Authority is not subject to PSC jurisdiction for purposes of the CES Order. However, it supplies electricity to end-use customers throughout the State in a manner similar to an Affected LSE, and supports the clean energy goals of the SEP. Therefore, the Authority will participate in the CES Program as further explained herein by (i) assuming a ZEC Purchase Obligation, and (ii) adapting a form of the REC Purchase Obligation, through an Authority REC Program, to the end-user load for which the Authority serves as an LSE, including power sold under EP and RP Programs, for the purpose of implementing the CES and the SEP’s clean energy goals. The Authority’s participation in the CES Program as described will cause the Authority to incur costs. The ZEC Charge and the REC Charge are intended to recover from the Customer the costs the Authority will incur from purchasing ZECs and RECs that are attributable to Customer load served under this Agreement. By accepting Electric Service under the Agreement, the Customer agrees to reimburse the Authority for such costs through payment of the ZEC Charge and REC Charge.

5. **ZEC Charge**

   a. The Authority anticipates the ZEC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

   i. The cost of the total ZEC Requirement for all LSEs in the New York Control Area, including the Authority as a participating LSE, will be assessed as described in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA. Its share will be based on the proportion of the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The Authority anticipates that LSE ZEC Purchase Obligations will be based on initial forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

   ii. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as LSE, including the EP and RP Programs (the “EP and RP Programs ZEC Cost”). Such allocation will be based on the forecasted kilowatt-hours load of the EP and RP Programs to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for the ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation would be allocated to the EP and RP Programs based on the proportion of the actual annual kilowatt-hours load served under such Programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
iii. The Authority will allocate a portion of the EP and RP Programs ZEC Cost to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the EP and/or RP purchased by the Customer to total kilowatt-hours load served by the Authority under the EP and RP Programs (EP and RP Programs level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation mentioned above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the EP and RP Program by the Authority (EP and RP Programs level load).

b. The ZEC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after April 1, 2017, unless by written notice the Authority specifies that the ZEC Charge shall apply to sales of EP and/or RP commencing on a later date.

6. REC Charge

a. The Authority anticipates the REC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

i. Under the Authority REC Program, the Authority will, at a minimum, secure a sufficient number of RECs as required by the REC Purchase Obligation to cover the Customer’s load based on the percent of the Customer’s kilowatt-hour load as prescribed in the CES Order. The Authority will purchase RECs from NYSERDA or secure qualified RECs from one or more other sources in the Authority’s discretion.

ii. The Authority may, in its sole discretion, as part of the Authority REC Program, offer the Customer a “customer choice component” that would allow the Customer to elect one or more options in connection with the REC Purchase Obligation, such as (but not necessarily limited to) the following: (a) designate the Authority to secure RECs for the Customer’s load, and pay the Authority the REC Charge; (b) purchase the required number of qualifying RECs itself pursuant to an authorized Authority-developed process, thereby avoiding payment of the standard REC Charge; or (c) make a form of Alternative Compliance Payments (“ACPs”) as calculated by the Authority pursuant to an authorized Authority-developed process.

iii. The costs incurred by the Authority under the Authority REC Program that are attributable to the Customer’s load will be passed on to the Customer as the REC Charge. Depending on the availability of the Customer’s kilowatt-hour load information and other data from third-party sources, the Customer will either be billed for actual costs or estimated costs subject to reconciliation adjustments.
b. The REC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after January 1, 2017, unless by written notice the Authority specifies that the REC Charge shall apply to sales of EP and/or RP commencing on a later date.

7. The Authority may, in its discretion, provide the Customer with additional information relating to the determination of the Clean Energy Standard Cost Recovery Charges by notice prior to the first billing of either charge, at the time of the first billing of either charge, or in another appropriate manner determined by the Authority.

8. The Authority may, in its sole discretion, modify the manner in which it participates in the CES Program, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, the Authority’s legal and financial obligations and polices, changes of law, and other information the Authority determines to be appropriate.

9. The Authority may, in its sole discretion, include the Clean Energy Standard Cost Recovery Charges as part of the bills that are rendered pursuant to Article VII of the Agreement, or bill the Customer for such Charges pursuant to another procedure to be established by the Authority.

10. The Authority may, in its sole discretion, modify the methodology used for determining the Clean Energy Standard Cost Recovery Charges and the procedures used to implement such charges, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, and any other matter the Authority determines to be appropriate to the determination of such methodology.

11. Nothing in this Schedule D shall limit or otherwise affect the Authority’s right to: (a) charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules; or (b) charge the Customer, or recover from the Customer for, any cost, expense or other liability to the Authority resulting from any statutory enactment, or any action of the PSC or other governmental authority relating to the SEP or CES.
POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located
In Western New York

Service Tariff No. WNY-1

Date of Issue: June 1, 2015
Date Effective: July 1, 2015

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
# Table of Contents

Schedule of Rates for Firm Power Service

<table>
<thead>
<tr>
<th>Section</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Applicability</td>
<td>3</td>
</tr>
<tr>
<td>II. Abbreviations and Terms</td>
<td>3</td>
</tr>
<tr>
<td>III. Monthly Rates and Charges</td>
<td>5</td>
</tr>
<tr>
<td>A. Expansion Power (EP) and Replacement Power (RP) Base Rates</td>
<td>5</td>
</tr>
<tr>
<td>B. EP and RP Rates no Lower than Rural/Domestic Rate</td>
<td>5</td>
</tr>
<tr>
<td>C. Monthly Base Rates Exclude Delivery Service Charges</td>
<td>6</td>
</tr>
<tr>
<td>D. Minimum Monthly Charge</td>
<td>6</td>
</tr>
<tr>
<td>E. Estimated Billing</td>
<td>6</td>
</tr>
<tr>
<td>F. Adjustments to Charges</td>
<td>7</td>
</tr>
<tr>
<td>G. Billing Period</td>
<td>7</td>
</tr>
<tr>
<td>H. Billing Demand</td>
<td>7</td>
</tr>
<tr>
<td>I. Billing Energy</td>
<td>7</td>
</tr>
<tr>
<td>J. Contract Demand</td>
<td>7</td>
</tr>
<tr>
<td>IV. General Provisions</td>
<td>8</td>
</tr>
<tr>
<td>A. Character of Service</td>
<td>8</td>
</tr>
<tr>
<td>B. Availability of Energy</td>
<td>8</td>
</tr>
<tr>
<td>C. Delivery</td>
<td>8</td>
</tr>
<tr>
<td>D. Adjustment of Rates</td>
<td>8</td>
</tr>
<tr>
<td>E. Billing Methodology and Billing</td>
<td>8</td>
</tr>
<tr>
<td>F. Payment by Customer to Authority</td>
<td>9</td>
</tr>
<tr>
<td>1. Demand and Energy Rates, Taxes</td>
<td>9</td>
</tr>
<tr>
<td>2. Transmission Charge</td>
<td>9</td>
</tr>
<tr>
<td>3. NYISO Transmission and Related Charges</td>
<td>9</td>
</tr>
<tr>
<td>4. Taxes Defined</td>
<td>10</td>
</tr>
<tr>
<td>5. Substitute Energy</td>
<td>10</td>
</tr>
<tr>
<td>6. Payment Information</td>
<td>10</td>
</tr>
<tr>
<td>G. Rendition and Payment of Bills</td>
<td>11</td>
</tr>
<tr>
<td>H. Adjustment of Charges</td>
<td>11</td>
</tr>
<tr>
<td>1. Distribution Losses</td>
<td>11</td>
</tr>
<tr>
<td>I. Conflicts</td>
<td>11</td>
</tr>
<tr>
<td>J. Customer Resales Prohibited</td>
<td>11</td>
</tr>
<tr>
<td>V. Annual Adjustment Factor</td>
<td>12</td>
</tr>
</tbody>
</table>

Date of Issue: March 18, 2014

Date Effective: April 2014 Billing Period

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
# Schedule of Rates for Firm Power Service

## I. Applicability

To sales of Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

## II. Abbreviations and Terms

- **kW** kilowatt(s)
- **kW-mo.** kilowatt-month
- **kWh** kilowatt-hour(s)
- **MWh** megawatt-hour(s)
- **NYISO** New York Independent System Operator, Inc. or any successor organization
- **PAL** New York Public Authorities Law
- **OATT** Open Access Transmission Tariff

**Agreement:** An executed “Agreement for the Sale of Expansion and/or Replacement Power and Energy” between the Authority and the Customer (each as defined below).

**Annual Adjustment Factor** or **AAF:** This term shall have the meaning set forth in Section V herein.

**Authority:** The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the “New York Power Authority.”

**Customer:** A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

**Electric Service:** The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

**Expansion Power** and/or **Replacement Power:** Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

**Firm Power:** Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.
**Firm Energy**: Energy (kWh) associated with Firm Power.

**Load Serving Entity** or **LSE**: This term shall have the meaning set forth in the Agreement.

**Load Split Methodology** or **LSM**: A load split methodology applicable to a Customer’s allocation. It is usually provided for in an agreement between the Authority and the Customer’s local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer’s local electric utility, or such local utility’s tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as “Load Factor Sharing” or “LFS”, “First through the Meter” or “FTM”, “First through the Meter Modified” or “FTM Modified”, or “Replacement Power 2” or “RP 2”.

**Project**: The Authority’s Niagara Power Project, FERC Project No. 2216.

**Rate Year** or **RY**: The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.

**Rules**: The Authority’s rules and regulations set forth in 21 NYCRR § 450 et seq., as they may be amended from time to time.

**Service Tariff**: This Service Tariff No. WNY-1.

**Target Rate**: This term shall have the meaning set forth in Section III herein.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.
III. Monthly Rates and Charges

A. Expansion Power (EP) and Replacement Power (RP) Base Rates

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a “Target Rate.” The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of “preservation power” as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority’s then-applicable EP and RP tariffs. The Target Rate (i.e. demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the “annual increment.”

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

   RY 2013: July 1, 2013 to June 30, 2014
   RY 2014: July 1, 2014 to June 30, 2015
   RY 2015: July 1, 2015 to June 30, 2016

   The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor (“AAF”) described in Section V herein, shall be applied as follows:

   A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

   B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

   C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. EP and RP Rates no Lower than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the
Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. Monthly Base Rates Exclude Delivery Service Charges

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. Minimum Monthly Charge

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer’s Allocation.

E. Estimated Billing

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer’s actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage (“Estimated Bill”).

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer’s Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer’s Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer’s Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer’s Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.
For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer’s actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority’s discretion to render Estimated Bills is not intended to limit the Authority’s rights under the Agreement.

F. Adjustments to Charges

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. 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 electric utility in whose service territory the Customer’s facilities are located.

H. Billing Demand

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I. Billing Energy

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J. Contract Demand

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.
IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority’s obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA’s Firm Power customers served from the Hydro Projects, hydropower curtailments (i.e. reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a pro rata basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority’s designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.
2. Billing Demand – The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer’s meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer’s local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer’s local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy – The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer’s meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer’s local electric utility for delivery of WNY Power.

F. Payment by Customer to Authority

1. Demand and Energy Charges, Taxes
The Customer shall pay the Authority for Firm Power and Energy during any billing period the higher of either (i) the sum of (a), (b) and (c) below or (ii) the monthly minimum charge as defined herein:

a. The demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer’s billing demand (as defined in Section IV.E, above) for the billing period; and

b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer’s billing energy (as defined in Section IV.E, above) for the billing period; and

c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. 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 OATT.

3. NYISO Transmission and Related Charges (“NYISO Charges”)
The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

A. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

B. Marginal losses;
C. The New York Power Authority Transmission Adjustment Charge ("NTAC");

D. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), 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.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff. The method of billing NYISO charges to the Customer will be based on Authority’s discretion.

4. Taxes Defined

Taxes shall be any adjustment as the Authority deems necessary to recover from the Customer any taxes, assessments or any other charges mandated by federal, state or local agencies or authorities that are levied on the Authority or that the Authority is required to collect from the Customer if and to the extent such taxes, assessments or charges are not recovered by the Authority pursuant to another provision of this Service Tariff.

5. Substitute Energy

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

6. Payment Information

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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.
G. **Rendition and Payment of Bills**

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10th) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. **Adjustment of Charges**

1. **Distribution Losses**

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. **Conflicts**

The Authority’s Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. **Customer Resales Prohibited**

The Customer may not resell any quantity of Expansion Power and/or Replacement Power.
V. **Annual Adjustment Factor**

### A. Adjustment of Rates

1. The AAF 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 AAF. The AAF 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 ±5.0% (“±5% Collar”). Amounts outside the ±5% Collar shall be referred to as the “Excess.”

<table>
<thead>
<tr>
<th>Index 1</th>
<th>“BLS Industrial Power Price” (35% weight)</th>
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<tbody>
<tr>
<td></td>
<td>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.</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Index 2</th>
<th>“EIA Average Industrial Power Price” (40% weight)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>The average weighted annual price (as measured in cents/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.</td>
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<table>
<thead>
<tr>
<th>Index 3</th>
<th>“BLS Industrial Commodities Price Less Fuel” (25% weight)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

2. Annual Adjustment Factor Computation Guide

<table>
<thead>
<tr>
<th>Step 1</th>
<th>For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the AAF.</th>
</tr>
</thead>
</table>

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<thead>
<tr>
<th>Step 3</th>
<th>Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.</th>
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</thead>
</table>

a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year’s AAF, up to the ±5% Collar.
b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

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

3. The Authority shall provide the 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, the Customer and the 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 Section V.A.1.
B. Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):

**STEP 1**

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Year - 1 (2012)</td>
</tr>
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<tr>
<td>March</td>
<td>171.6</td>
<td>168.2</td>
</tr>
<tr>
<td>April</td>
<td>173.8</td>
<td>168.6</td>
</tr>
<tr>
<td>May</td>
<td>175.1</td>
<td>171.6</td>
</tr>
<tr>
<td>June</td>
<td>185.7</td>
<td>180.1</td>
</tr>
<tr>
<td>July</td>
<td>186.4</td>
<td>182.7</td>
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<tr>
<td>August</td>
<td>184.7</td>
<td>179.2</td>
</tr>
<tr>
<td>September</td>
<td>185.5</td>
<td>181.8</td>
</tr>
<tr>
<td>October</td>
<td>175.5</td>
<td>170.2</td>
</tr>
<tr>
<td>November</td>
<td>172.2</td>
<td>168.8</td>
</tr>
<tr>
<td>December</td>
<td>171.8</td>
<td>166.6</td>
</tr>
</tbody>
</table>

Average: 177.2  172.8

Ratio of MY/MY-1: 1.03
- Index 2 – EIA Industrial Rate

<table>
<thead>
<tr>
<th>State</th>
<th>Revenues ($000s)</th>
<th>Sales (MWh)</th>
<th>Avg. Rate (cents/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measuring Year (2012)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>590,972</td>
<td>6,814,757</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,109,723</td>
<td>13,053,806</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>328,594</td>
<td>4,896,176</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>304,363</td>
<td>2,874,495</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>1,412,665</td>
<td>15,687,873</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>2,001,588</td>
<td>26,379,314</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,695,978</td>
<td>78,496,166</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,682,192</td>
<td>63,413,968</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>152,533</td>
<td>1,652,593</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>155,903</td>
<td>2,173,679</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,434,511</td>
<td>215,442,827</td>
<td><strong>6.24</strong></td>
</tr>
</tbody>
</table>

| **Measuring Year -1 (2011)** | | | |
| 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    | 152,785          | 2,130,205   |                      |
| 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

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>190.1</td>
</tr>
<tr>
<td>February</td>
<td>190.9</td>
</tr>
<tr>
<td>March</td>
<td>191.6</td>
</tr>
<tr>
<td>April</td>
<td>192.8</td>
</tr>
<tr>
<td>May</td>
<td>194.7</td>
</tr>
<tr>
<td>June</td>
<td>195.2</td>
</tr>
<tr>
<td>July</td>
<td>195.5</td>
</tr>
<tr>
<td>August</td>
<td>196.0</td>
</tr>
<tr>
<td>September</td>
<td>196.1</td>
</tr>
<tr>
<td>October</td>
<td>196.2</td>
</tr>
<tr>
<td>November</td>
<td>196.6</td>
</tr>
<tr>
<td>December</td>
<td>196.7</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>194.4</strong></td>
</tr>
</tbody>
</table>

Ratio of MY/MY-1: 1.02

### STEP 2

Determine AAF by Summing the Weighted Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Ratio of MY to MY-1</th>
<th>Weight</th>
<th>Weighted Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPI Industrial Power</td>
<td>1.03</td>
<td>0.35</td>
<td>0.361</td>
</tr>
<tr>
<td>EIA Industrial Rate</td>
<td>1.00</td>
<td>0.40</td>
<td>0.400</td>
</tr>
<tr>
<td>PPI Industrial Commodities less fuel</td>
<td>1.02</td>
<td>0.25</td>
<td>0.255</td>
</tr>
<tr>
<td>AAF</td>
<td></td>
<td></td>
<td><strong>1.016</strong></td>
</tr>
</tbody>
</table>

### STEP 3

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.
## STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

<table>
<thead>
<tr>
<th></th>
<th>Demand $/kW-mo.</th>
<th>Energy $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate Year Base Rate</td>
<td>7.56</td>
<td>12.91</td>
</tr>
<tr>
<td>New Rate Year Base Rate</td>
<td>7.68</td>
<td>13.12</td>
</tr>
</tbody>
</table>
POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER
(CES)

to

MOOG INC.
The POWER AUTHORITY OF THE STATE OF NEW YORK ("Authority"), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law ("PAL"), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power ("Agreement") with Moog Inc. ("Customer"), with offices at Jamison Road & Seneca Street, East Aurora, NY 14052-0018. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree follows:

RECsITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission ("FERC") Project No. 2216, known as “Expansion Power” (or “EP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as “Replacement Power” (or “RP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts ("MW") of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant’s long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient’s facilities are located;

WHEREAS, the Customer applied to the Authority for an allocation of hydropower to support operations at a new and/or expanded facility to be constructed and operated by the Customer (defined in Section I of this Agreement as the “Facility”);

WHEREAS, on March 20, 2018, the Authority’s Board of Trustees (“Trustees”) approved an extension of the 300 kilowatt ("kW") allocation of EP to the Customer through June 30, 2020 (defined in Section I of this Agreement as the “Allocation”) in connection with the construction and/or operation of the Facility as further described in this Agreement;

WHEREAS, on March 20, 2018, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the Allocation;

WHEREAS, the provision of Electric Service associated with the Allocation is an
unbundled service separate from the transmission and delivery of power and energy to the Customer, and delivery service will be performed by the Customer’s local electric utility in accordance with the Utility Tariff;

WHEREAS, the Parties have reached an agreement on the sale of the Allocation to the Customer on the terms and conditions provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for certain contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

A. Agreement means this Agreement.

B. Allocation refers to the allocation of EP and/or RP awarded to the Customer as specified in Schedule A.

C. Contract Demand is as defined in Service Tariff No. WNY-1.

D. Electric Service is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

E. Expansion Power (or EP) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

F. Facility means the Customer’s facilities as described in Schedule A to this Agreement.

G. Firm Power is as defined in Service Tariff No. WNY-1.

H. Firm Energy is as defined in Service Tariff No. WNY-1.

I. FERC means the Federal Energy Regulatory Commission (or any successor organization).

J. FERC License means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.
K. **Hydro Projects** is a collective reference to the Project and the Authority’s St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity** (or **LSE**) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power** (or **RP**) is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority’s rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority’s Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled “Expansion Power and/or Replacement Power Allocations” which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled “Expansion Power and/or Replacement Power Commitments” which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

V. **Schedule D** refers to the Schedule D entitled “Clean Energy Standard Cost Recovery Charges” which is attached to and made part of this Agreement.

W. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.
X. **Taxes** is as defined in Service Tariff No. WNY-1.

Y. **Unforced Capacity (or “UCAP”)** means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Z. **Utility Tariff** means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. **Electric Service**

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer’s local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. **Rates, Terms and Conditions**

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30
days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority’s competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority’s bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

C. In addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff WNY-1 and the Rules, Electric Service shall be subject to the Clean Energy Standard Cost Recovery Charges provided for in Schedule D.

IV. Expansion Power and/or Replacement Power Commitments

A. Schedule B sets forth the Customer’s specific “Expansion Power and/or Replacement Power Commitments.” The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority’s obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer’s performance of the commitments described in Schedule B.

C. In the event of partial completion of the Facility which has resulted in such Facility being partly operational and the partial attainment of the Base Employment Level, the Authority may, upon the Customer’s request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support the operations of the partially completed Facility.

D. The Customer shall give the Authority not less than ninety (90) days' advance notice in writing of the anticipated date of partial or full completion of the Facility. The Authority will inspect the Facility for the purpose of verifying the completion status of the Facility and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer’s local electric utility and the NYISO.
V. Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI. Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority’s behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff (“NYISO Charges”), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer’s local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing related to EP and/or RP, and/or the performance of such parties’ obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the Customer’s local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, “Information”) which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing
related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer’s local electric utility. The Customer’s failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a “load factor sharing” basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer’s local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall
have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority’s firm power customers served by the Authority from the Hydro Projects, curtailments (i.e. reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a pro rata basis to all firm power and energy customers served from the Hydro Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments referenced in Section VIII.A of this Agreement that could impact Customer’s Electric Service under this Agreement. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority’s Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

D. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days’ prior written notice.
IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days’ notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as
To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: ___________________________
Facsimile: ______
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Moog Inc.
Jamison Road & Seneca Street
East Aurora, NY 14052-0018
Email: ___________________________
Facsimile: ______
Attention: _______________________

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.
XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party’s interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each
Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]
AGREED:

MOOG INC.

By: _____________________________________________

Title: _____________________________________________

Date: _____________________________________________

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____________________________________________

    John R. Koelmel, Chairman

Date: _____________________________________________
### Schedule A to Agreement for the Sale of Expansion Power and/or Replacement Power (CES)

**Expansion Power and/or Replacement Power Allocations**

<table>
<thead>
<tr>
<th>Customer: Moog Inc.</th>
<th><strong>Type of Allocation</strong></th>
<th><strong>Allocation Amount (kW)</strong></th>
<th><strong>Facility</strong></th>
<th><strong>Trustee Approval Date</strong></th>
<th><strong>Allocation/Extension Effective Date</strong></th>
<th><strong>Expiration Date</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expansion Power</td>
<td>300</td>
<td>Jamison Road &amp; Seneca Street, East Aurora, NY 14052-0018</td>
<td>March 20, 2018</td>
<td>August 1, 2018</td>
<td>June 30, 2020</td>
</tr>
</tbody>
</table>
SCHEDULE B TO AGREEMENT FOR THE SALE OF EXPANSION POWER
AND/OR REPLACEMENT POWER (CES)

EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Employment Commitments

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer’s creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for bona fide economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer’s Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice...
all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

II. Reductions of Contract Demand

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement. If the average of the Customer’s six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for Expansion Power and/or Replacement Power is less than 90% of the Customer’s Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Capital Investment

The Customer agrees to undertake the capital investment set forth in the Appendix to this Schedule.

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer’s compliance with the Customer’s obligations provided for in this Schedule B.
D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule, the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer’s scheduled or unscheduled maintenance or Facility upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Information Requests

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority’s own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.
APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 2,567 full-time employees (“Base Employment Level”) at the Customer’s Facility. The Base Employment Level shall be maintained for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT

N/A
SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER
AND/OR REPLACEMENT POWER (CES)

TAKEDOWN SCHEDULE

N/A
1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules, the Customer shall be subject to a (i) Zero Emission Credit (“ZEC”) Charge, and (ii) Renewable Energy Credit (“REC”) Charge (collectively, the “Clean Energy Standard Cost Recovery Charges”), as of the dates indicated herein. The Clean Energy Standard Cost Recovery Charges shall be in addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff No. WNY-1 and the Rules.

2. The Clean Energy Standard Cost Recovery Charges have been developed to support the Clean Energy Standard (“CES”) established by the New York Public Service Commission (“PSC”) in an order entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-270 (the “CES Order”). The CES is intended to implement the clean energy goals of the State Energy Plan (“SEP”). The SEP’s goals are that 50% of New York’s consumed electricity is to be provided by renewable electricity sources of power by 2030, and to reduce statewide greenhouse gases by 40% by 2030.

3. As detailed in the CES Order, the PSC established a regulatory program (the “CES Program”) which imposes two requirements on load serving entities (“LSEs”) identified in the CES Order (hereinafter, “Affected LSEs”):

   (1) An obligation to purchase “Zero Emission Credits” (“ZECs”) from the New York State Energy Research Development Authority (“NYSERDA”), in an amount representing the Affected LSE’s proportional share of ZECs calculated by the amount of electric load it serves in relation to the total electric load served by all LSEs in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is currently scheduled to commence on April 1, 2017, and will be implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).

   (2) An obligation to support renewable generation resources to serve the Affected LSE’s retail customers to be evidenced by the procurement of qualifying Renewable Energy Credits (“RECs”) in quantities that satisfy mandatory minimum percentage proportions of the total retail load served by the Affected LSE (the “REC Purchase Obligation”). Minimum purchase proportions for Affected LSEs for years 2017-2021 are specified in the CES Order, subject to adjustment after a 3-year look-back, and the PSC indicates it will adopt increasingly larger minimum purchase proportions for years 2022-2030. The REC Purchase Obligation is

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1 Capitalized terms not defined in this Schedule D have the meaning ascribed to them in the Agreement, Service Tariff No. WNY-1, or the Rules.
scheduled to commence January 1, 2017 and will be implemented on the basis of program years running from January 1 through December 31 of each year (“REC Program Year”).

4. The Authority is not subject to PSC jurisdiction for purposes of the CES Order. However, it supplies electricity to end-use customers throughout the State in a manner similar to an Affected LSE, and supports the clean energy goals of the SEP. Therefore, the Authority will participate in the CES Program as further explained herein by (i) assuming a ZEC Purchase Obligation, and (ii) adapting a form of the REC Purchase Obligation, through an Authority REC Program, to the end-user load for which the Authority serves as an LSE, including power sold under EP and RP Programs, for the purpose of implementing the CES and the SEP’s clean energy goals. The Authority’s participation in the CES Program as described will cause the Authority to incur costs. The ZEC Charge and the REC Charge are intended to recover from the Customer the costs the Authority will incur from purchasing ZECs and RECs that are attributable to Customer load served under this Agreement. By accepting Electric Service under the Agreement, the Customer agrees to reimburse the Authority for such costs through payment of the ZEC Charge and REC Charge.

5. **ZEC Charge**

   a. The Authority anticipates the ZEC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

   i. The cost of the total ZEC Requirement for all LSEs in the New York Control Area, including the Authority as a participating LSE, will be assessed as described in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA. Its share will be based on the proportion of the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The Authority anticipates that LSE ZEC Purchase Obligations will be based on initial forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

   ii. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as LSE, including the EP and RP Programs (the “EP and RP Programs ZEC Cost”). Such allocation will be based on the forecasted kilowatt-hours load of the EP and RP Programs to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for the ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation would be allocated to the EP and RP Programs based on the proportion of the actual annual kilowatt-hours load served under such Programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
iii. The Authority will allocate a portion of the EP and RP Programs ZEC Cost to
the Customer as the ZEC Charge based on the proportion of the Customer’s
actual kilowatt-hours load for the EP and/or RP purchased by the Customer to
total kilowatt-hours load served by the Authority under the EP and RP Programs
(EP and RP Programs level load). In addition, any balance resulting from the
ZEC Program Year-end reconciliation of the ZEC Purchase Obligation
mentioned above will be passed through to the Customer based on the
proportion of the Customer’s annual kilowatt-hours load purchased under this
Agreement to total annual kilowatt-hours load served under the EP and RP
Program by the Authority (EP and RP Programs level load).

b. The ZEC Charge shall apply to the sale of EP and/or RP sold under this Agreement
on and after April 1, 2017, unless by written notice the Authority specifies that the
ZEC Charge shall apply to sales of EP and/or RP commencing on a later date.

6. REC Charge

a. The Authority anticipates the REC Charge to the Customer will be determined as
follows, subject to the qualifications provided for in other provisions of this
Schedule D:

i. Under the Authority REC Program, the Authority will, at a minimum, secure a
sufficient number of RECs as required by the REC Purchase Obligation to cover
the Customer’s load based on the percent of the Customer’s kilowatt-hour load
as prescribed in the CES Order. The Authority will purchase RECs from
NYSERDA or secure qualified RECs from one or more other sources in the
Authority’s discretion.

ii. The Authority may, in its sole discretion, as part of the Authority REC Program,
offer the Customer a “customer choice component” that would allow the
Customer to elect one or more options in connection with the REC Purchase
Obligation, such as (but not necessarily limited to) the following: (a) designate
the Authority to secure RECs for the Customer’s load, and pay the Authority
the REC Charge; (b) purchase the required number of qualifying RECs itself
pursuant to an authorized Authority-developed process, thereby avoiding
payment of the standard REC Charge; or (c) make a form of Alternative
Compliance Payments (“ACPs”) as calculated by the Authority pursuant to an
authorized Authority-developed process.

iii. The costs incurred by the Authority under the Authority REC Program that are
attributable to the Customer’s load will be passed on to the Customer as the
REC Charge. Depending on the availability of the Customer’s kilowatt-hour
load information and other data from third-party sources, the Customer will
either be billed for actual costs or estimated costs subject to reconciliation
adjustments.
b. The REC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after January 1, 2017, unless by written notice the Authority specifies that the REC Charge shall apply to sales of EP and/or RP commencing on a later date.

7. The Authority may, in its discretion, provide the Customer with additional information relating to the determination of the Clean Energy Standard Cost Recovery Charges by notice prior to the first billing of either charge, at the time of the first billing of either charge, or in another appropriate manner determined by the Authority.

8. The Authority may, in its sole discretion, modify the manner in which it participates in the CES Program, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, the Authority’s legal and financial obligations and polices, changes of law, and other information the Authority determines to be appropriate.

9. The Authority may, in its sole discretion, include the Clean Energy Standard Cost Recovery Charges as part of the bills that are rendered pursuant to Article VII of the Agreement, or bill the Customer for such Charges pursuant to another procedure to be established by the Authority.

10. The Authority may, in its sole discretion, modify the methodology used for determining the Clean Energy Standard Cost Recovery Charges and the procedures used to implement such charges, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, and any other matter the Authority determines to be appropriate to the determination of such methodology.

11. Nothing in this Schedule D shall limit or otherwise affect the Authority’s right to: (a) charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules; or (b) charge the Customer, or recover from the Customer for, any cost, expense or other liability to the Authority resulting from any statutory enactment, or any action of the PSC or other governmental authority relating to the SEP or CES.
POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located
In Western New York

Service Tariff No. WNY-1
# Table of Contents

Schedule of Rates for Firm Power Service  
Leaf No.

I. **Applicability** .......................................................................................................................... 3

II. **Abbreviations and Terms** ...................................................................................................... 3

III. **Monthly Rates and Charges** .............................................................................................. 5
    A. Expansion Power (EP) and Replacement Power (RP) Base Rates ................................. 5
    B. EP and RP Rates no Lower than Rural/Domestic Rate ................................................... 5
    C. Monthly Base Rates Exclude Delivery Service Charges ................................................. 6
    D. Minimum Monthly Charge ............................................................................................... 6
    E. Estimated Billing.............................................................................................................. 6
    F. Adjustments to Charges ..................................................................................................... 7
    G. Billing Period .................................................................................................................. 7
    H. Billing Demand ............................................................................................................... 7
    I. Billing Energy ................................................................................................................... 7
    J. Contract Demand .............................................................................................................. 7

IV. **General Provisions** ............................................................................................................ 8
    A. Character of Service ......................................................................................................... 8
    B. Availability of Energy ...................................................................................................... 8
    C. Delivery ........................................................................................................................... 8
    D. Adjustment of Rates......................................................................................................... 8
    E. Billing Methodology and Billing ...................................................................................... 8
    F. Payment by Customer to Authority .................................................................................. 9
        1. Demand and Energy Rates, Taxes .................................................................... 9
        2. Transmission Charge ......................................................................................... 9
        3. NYISO Transmission and Related Charges ................................................... 9
        4. Taxes Defined .................................................................................................. 10
        5. Substitute Energy ............................................................................................ 10
        6. Payment Information ....................................................................................... 10
    G. Rendition and Payment of Bills ....................................................................................... 11
    H. Adjustment of Charges.................................................................................................... 11
        1. Distribution Losses ........................................................................................ 11
    I. Conflicts ......................................................................................................................... 11
    J. Customer Resales Prohibited .......................................................................................... 11

V. **Annual Adjustment Factor** ................................................................................................ 12
Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. Abbreviations and Terms

- kW kilowatt(s)
- kW-mo. kilowatt-month
- kWh kilowatt-hour(s)
- MWh megawatt-hour(s)
- NYISO New York Independent System Operator, Inc. or any successor organization
- PAL New York Public Authorities Law
- OATT Open Access Transmission Tariff

Agreement: An executed “Agreement for the Sale of Expansion and/or Replacement Power and Energy” between the Authority and the Customer (each as defined below).

Annual Adjustment Factor or AAF: This term shall have the meaning set forth in Section V herein.

Authority: The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the “New York Power Authority.”

Customer: A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Expansion Power and/or Replacement Power: Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

Firm Power: Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.
**Firm Energy**: Energy (kWh) associated with Firm Power.

**Load Serving Entity or LSE**: This term shall have the meaning set forth in the Agreement.

**Load Split Methodology or LSM**: A load split methodology applicable to a Customer’s allocation. It is usually provided for in an agreement between the Authority and the Customer’s local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer’s local electric utility, or such local utility’s tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as “Load Factor Sharing” or “LFS”, “First through the Meter” or “FTM”, “First through the Meter Modified” or “FTM Modified”, or “Replacement Power 2” or “RP 2”.

**Project**: The Authority’s Niagara Power Project, FERC Project No. 2216.

**Rate Year or RY**: The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.

**Rules**: The Authority’s rules and regulations set forth in 21 NYCRR § 450 et seq., as they may be amended from time to time.

**Service Tariff**: This Service Tariff No. WNY-1.

**Target Rate**: This term shall have the meaning set forth in Section III herein.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.
III. Monthly Rates and Charges

A. Expansion Power (EP) and Replacement Power (RP) Base Rates

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a “Target Rate.” The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of “preservation power” as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority’s then-applicable EP and RP tariffs. The Target Rate (i.e. demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the “annual increment.”

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

- RY 2013: July 1, 2013 to June 30, 2014
- RY 2014: July 1, 2014 to June 30, 2015
- RY 2015: July 1, 2015 to June 30, 2016

The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor (“AAF”) described in Section V herein, shall be applied as follows:

A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. EP and RP Rates no Lower than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the
Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. Monthly Base Rates Exclude Delivery Service Charges

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. Minimum Monthly Charge

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer’s Allocation.

E. Estimated Billing

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer’s actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage ("Estimated Bill").

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer’s Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer’s Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer’s Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer’s Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.
For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer’s actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority’s discretion to render Estimated Bills is not intended to limit the Authority’s rights under the Agreement.

F.Adjustments to Charges

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G.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 electric utility in whose service territory the Customer’s facilities are located.

H.Billing Demand

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I.Billing Energy

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J.Contract Demand

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.
IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority’s obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA’s Firm Power customers served from the Hydro Projects, hydropower curtailments (i.e. reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a pro rata basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority’s designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.
2. Billing Demand – The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer’s meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer’s local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer’s local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy – The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer’s meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer’s local electric utility for delivery of WNY Power.

F. Payment by Customer to Authority

1. Demand and Energy Charges, Taxes

The Customer shall pay the Authority for Firm Power and Energy during any billing period the higher of either (i) the sum of (a), (b) and (c) below or (ii) the monthly minimum charge as defined herein:

a. The demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer’s billing demand (as defined in Section IV.E, above) for the billing period; and

b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer’s billing energy (as defined in Section IV.E, above) for the billing period; and

C. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. 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 OATT.

3. NYISO Transmission and Related Charges (“NYISO Charges”)

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

A. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

B. Marginal losses;
C. The New York Power Authority Transmission Adjustment Charge ("NTAC");

D. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), 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.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

The method of billing NYISO charges to the Customer will be based on Authority’s discretion.

4. Taxes Defined

Taxes shall be any adjustment as the Authority deems necessary to recover from the Customer any taxes, assessments or any other charges mandated by federal, state or local agencies or authorities that are levied on the Authority or that the Authority is required to collect from the Customer if and to the extent such taxes, assessments or charges are not recovered by the Authority pursuant to another provision of this Service Tariff.

5. Substitute Energy

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

6. Payment Information

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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.
G. **Rendition and Payment of Bills**

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10th) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. **Adjustment of Charges**

1. **Distribution Losses**

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. **Conflicts**

   The Authority’s Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. **Customer Resales Prohibited**

   The Customer may not resell any quantity of Expansion Power and/or Replacement Power.
V. Annual Adjustment Factor

A. Adjustment of Rates

1. The AAF 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 AAF. The AAF 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 ±5.0% (“±5% Collar”). Amounts outside the ±5% Collar shall be referred to as the “Excess.”

- **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 price (as measured in cents/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 Factor Computation Guide

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.</td>
</tr>
<tr>
<td>2</td>
<td>Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the AAF.</td>
</tr>
<tr>
<td>3</td>
<td>Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.</td>
</tr>
<tr>
<td>a)</td>
<td>When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year’s AAF, up to the ±5% Collar.</td>
</tr>
</tbody>
</table>
b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

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, the Customer and the 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 Section V.A.1.
B. **Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):**

**STEP 1**

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>171.2</td>
<td>167.8</td>
</tr>
<tr>
<td>February</td>
<td>172.8</td>
<td>167.6</td>
</tr>
<tr>
<td>March</td>
<td>171.6</td>
<td>168.2</td>
</tr>
<tr>
<td>April</td>
<td>173.8</td>
<td>168.6</td>
</tr>
<tr>
<td>May</td>
<td>175.1</td>
<td>171.6</td>
</tr>
<tr>
<td>June</td>
<td>185.7</td>
<td>180.1</td>
</tr>
<tr>
<td>July</td>
<td>186.4</td>
<td>182.7</td>
</tr>
<tr>
<td>August</td>
<td>184.7</td>
<td>179.2</td>
</tr>
<tr>
<td>September</td>
<td>185.5</td>
<td>181.8</td>
</tr>
<tr>
<td>October</td>
<td>175.5</td>
<td>170.2</td>
</tr>
<tr>
<td>November</td>
<td>172.2</td>
<td>168.8</td>
</tr>
<tr>
<td>December</td>
<td>171.8</td>
<td>166.6</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>177.2</strong></td>
<td><strong>172.8</strong></td>
</tr>
<tr>
<td><strong>Ratio of MY/MY-1</strong></td>
<td></td>
<td><strong>1.03</strong></td>
</tr>
</tbody>
</table>
### Index 2 – EIA Industrial Rate

<table>
<thead>
<tr>
<th>State</th>
<th>Revenues ($000s)</th>
<th>Sales (MWh)</th>
<th>Avg. Rate (cents/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Measuring Year (2012)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>590,972</td>
<td>6,814,757</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,109,723</td>
<td>13,053,806</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>328,594</td>
<td>4,896,176</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>304,363</td>
<td>2,874,495</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>1,412,665</td>
<td>15,687,873</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>2,001,588</td>
<td>26,379,314</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,695,978</td>
<td>78,496,166</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,682,192</td>
<td>63,413,968</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>152,533</td>
<td>1,652,593</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>155,903</td>
<td>2,173,679</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,434,511</strong></td>
<td><strong>215,442,827</strong></td>
<td><strong>6.24</strong></td>
</tr>
</tbody>
</table>

|       |                 |             |                      |
| **Measuring Year -1 (2011)**               |             |                      |
| 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    | 152,785         | 2,130,205   |                      |
| **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

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>190.1</td>
</tr>
<tr>
<td>February</td>
<td>190.9</td>
</tr>
<tr>
<td>March</td>
<td>191.6</td>
</tr>
<tr>
<td>April</td>
<td>192.8</td>
</tr>
<tr>
<td>May</td>
<td>194.7</td>
</tr>
<tr>
<td>June</td>
<td>195.2</td>
</tr>
<tr>
<td>July</td>
<td>195.5</td>
</tr>
<tr>
<td>August</td>
<td>196.0</td>
</tr>
<tr>
<td>September</td>
<td>196.1</td>
</tr>
<tr>
<td>October</td>
<td>196.2</td>
</tr>
<tr>
<td>November</td>
<td>196.6</td>
</tr>
<tr>
<td>December</td>
<td>196.7</td>
</tr>
</tbody>
</table>

Average                  194.4                   191.5

Ratio of MY/MY-1 1.02

STEP 2
Determine AAF by Summing the Weighted Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Ratio of MY to MY-1</th>
<th>Weight</th>
<th>Weighted Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPI Industrial Power</td>
<td>1.03</td>
<td>0.35</td>
<td>0.361</td>
</tr>
<tr>
<td>EIA Industrial Rate</td>
<td>1.00</td>
<td>0.40</td>
<td>0.400</td>
</tr>
<tr>
<td>PPI Industrial Commodities less fuel</td>
<td>1.02</td>
<td>0.25</td>
<td>0.255</td>
</tr>
<tr>
<td>AAF</td>
<td></td>
<td></td>
<td>1.016</td>
</tr>
</tbody>
</table>

STEP 3
Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.
### STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

<table>
<thead>
<tr>
<th></th>
<th>Demand $/kW-mo.</th>
<th>Energy $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate Year Base Rate</td>
<td>7.56</td>
<td>12.91</td>
</tr>
<tr>
<td>New Rate Year Base Rate</td>
<td>7.68</td>
<td>13.12</td>
</tr>
</tbody>
</table>
New York State Power Authority
Public Hearing

May 31, 2018

Min-U-Script® with Word Index
New York State Power Authority

Thursday, May 31, 2018, 2:00 p.m.,

Niagara Power Project Visitors' Center

5777 Lewiston Road

Lewiston, New York 14092
ERS:

MS. DELINCE ........................................3
MR. SMITH ............................................5
MS. DELINCE ........................................10
MS. DELINCE: Good afternoon. This is a public hearing required by law and authorized by the New York Power Authority's Board of Trustees on the proposed Customer Contracts for the sale of hydropower to Citigroup Technology, Inc., M&T Bank Corporation, and Moog, Inc.

My name is Karen Delince, and I'm the Authority's Corporate Secretary.

New York State Public Authorities Law, Section 1009, sets forth procedures for executing certain contracts negotiated by the Authority.

First, prior to the hearing, it requires that notice of the hearing be provided. Therefore, a notice was sent to the Governor, the Senate's President Pro Temp, the Senate Minority Leader, the Senate Finance Committee Chair, the Assembly Speaker, the Assembly Minority Leader, and the Assembly Ways and Means Committee Chair.

In addition, notices appeared in the following newspapers once a week for the four weeks leading up to this hearing: Niagara Gazette, Buffalo News, Buffalo Business First, Lewiston-Porter Sentinel, Albany Times-Union,
Dunkirk Observer.

The public was also given access to the proposed contracts on the Authority's website and at the Authority's White Plains office during the 30-day period prior to today's hearing.

After the hearing, the public will be given access to the hearing transcript, once it is completed, at www.nypa.gov and at the White Plains office.

The next step in the process set forth in Section 1009 will be for the NYPA Trustees to reconsider the proposed contracts in light of public comments.

Once the Trustees have completed their final review, the contracts will be forwarded to the Governor for his consideration and approval.

If you plan to make an oral statement at this hearing, I ask that you so indicate on the sign-in sheet. Also, if you have a written statement, please give a copy to Lorna Johnson and one to the reporter.

Written statements may be of any length and will appear in the record of the hearing in addition
to oral statements.
The record of the hearing will remain open for
additional comments through close of business,
Friday, June 1, 2018.

Additional comments should be mailed, faxed,
or emailed to the Corporate Secretary at:
123 Main Street, 11-P, White Plains, NY 10601; or
(914)390-8040; or secretarys.office@nypa.gov.

At this point, I would like to introduce
Mr. Richard Smith, the Authority's Director of
Business and Project Development, Western New York,
who will provide additional details on the proposed
Customer Contracts. Thank you. Mr. Smith.

MR. SMITH: Thank you, Ms. Delince. Good
afternoon. My name is Richard Smith, and I'm the
Business and Project Development Director within
NYPAs Economic Development Department.

I'm here today to present a summary of
proposed hydropower contracts with three existing
customers, located here in Western New York, for the
sale of hydropower generated here at the Niagara
Power Project. Each customer has an allocation of
hydropower with contracts set to expire in 2018 that was recently approved for extension by the Authority's Board of Trustees.

Regarding the contracts, under Public Authorities Law, Section 1005, Subsection 13, the Authority may allocate and sell directly or by sale-for-resale, 250 MW of Expansion Power, known as EP, and 445 MW of Replacement Power, known as RP, to businesses located within 30 miles of the Niagara Power Project, provided that the amount of EP allocated to businesses in Chautauqua County on January 1, 1987, shall continue to be allocated in Chautauqua County.

On March 20, 2018, the Authority's Trustees approved an extension to the term of three existing hydropower allocations to three current customers with facilities in Western New York.

Specifically, an extension of the 750 kW RP allocation that is due to expire on September 30, 2018, for Citigroup Technology, Inc., also known as Citigroup. Citigroup is committed to maintain 480 jobs through June 30, 2020, at its facilities located in Getzville, New York. Citigroup has
continually invested in technology upgrades, expansion, and general maintenance of its facilities with the benefit of the NYPA allocation.

An extension of the 1,150 kW EP allocation scheduled to expire on November 30, 2018, for M&T Bank Corporation, which operates a data center and provides back office financial services to its customers at its Amherst, New York location. In return, M&T will maintain 128 jobs at its facility through June 30, 2020.

And an extension of the 300 kW EP allocation expiring on July 31, 2018, for Moog Inc., a manufacturer and integrator of precision control components and systems. Since 2008, Moog has invested over $316 million in its East Aurora, New York facilities, including building improvements, machinery and miscellaneous equipment, and software upgrades. Moog is committed to maintain a minimum of 2,567 jobs through June 30, 2020.

The following is a summary of some of the pertinent provisions in each of the proposed contracts.

The contracts provide for the direct billing
of all hydropower supply charges and all New York Independent System Operator, Inc. charges and taxes.

The contracts include the customer's agreed-upon commitments with respect to employment, capital investment, and power utilization.

Under the contracts, the Authority may reduce or terminate the allocation if employment, power utilization, or capital investment commitments are not met.

Relatedly, the contracts include an annual job reporting requirement and a job compliance threshold of 90 percent. Should the company's average annual employment fall below the compliance threshold of 90 percent of the employment commitment, the Authority may reduce the amount of the allocation.

To address non-payment risk that could result from the direct billing arrangement, the contract includes commercially reasonable provisions concerning the Authority's ability to charge late payment fees and to require deposits in the event of the customer's failure to make payment for any two monthly bills. These contract provisions are
consistent with other Authority direct sale contracts, including the Recharge New York sales contracts.

The contracts provide for the collection of a Zero Emission Credit Charge and a Renewable Energy Credit Charge to allow the Authority to recover costs it would incur relating to its purchase of Zero Emission Credits and Renewable Energy Credits, attributable to the customer's load.

The contract includes the Authority's Service Tariff WNY-1, which specifies rates and other terms applicable to all EP and RP allocations and that are consistent with the Authority's other hydropower program, Preservation Power.

Lastly, transmission and delivery service for the allocation will be provided by National Grid or NYSEG, in accordance with the utilities' Public Service Commission approved delivery service tariffs.

As Ms. Delince stated earlier, the Authority will accept your comments on the proposed contracts until the close of business on Friday, June 1, 2018.

I will now turn the hearing back to
Ms. Delince.

MS. DELINCE: Thank you, Mr. Smith. We will recess now and reconvene when speakers arrive.

(Recess.)


As previously stated, the record of the hearing will remain open for additional comments through close of business, Friday, June 1, 2018.

Thank you and good night.

(Hearing closed at 6:00 p.m.)
STATE OF NEW YORK
COUNTY OF ERIE

I, Olga Runfola, a Notary Public in and for the State of New York, do hereby certify:

That this proceeding was taken pursuant to notice at the time and place herein set forth; that said proceeding was taken down in shorthand by me and thereafter under my supervision transcribed into the English language, and I hereby certify the foregoing proceeding is a full, true and correct transcription of the shorthand notes so taken.

I further certify that I am neither counsel for nor related to any parties to said action, nor in anywise interested in the outcome thereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 8th day of June, 2018.

[Signature]

METSCHL & ASSOCIATES
Buffalo: 716-856-1906    Rochester: 585-697-0969
<table>
<thead>
<tr>
<th>Aurora (1)</th>
<th>7:15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorities (2)</td>
<td>3:9;6:5</td>
</tr>
<tr>
<td>Authority (7)</td>
<td>3:11;6:6;8:6,15; 9:1,6,20</td>
</tr>
<tr>
<td>Authority’s (10)</td>
<td>3:8,8,4;3,4,5;10; 6:14,8;20:9,10,13</td>
</tr>
<tr>
<td>authorized (1)</td>
<td>3:2</td>
</tr>
<tr>
<td>average (1)</td>
<td>8:13</td>
</tr>
<tr>
<td>10:10,16 collection (1)</td>
<td>9:4</td>
</tr>
<tr>
<td>comments (5)</td>
<td>4:13;5:3,5,9:21; 10:12</td>
</tr>
<tr>
<td>commercially (1)</td>
<td>8:19</td>
</tr>
<tr>
<td>Commission (1)</td>
<td>9:18</td>
</tr>
<tr>
<td>commitment (1)</td>
<td>8:15</td>
</tr>
<tr>
<td>commitments (2)</td>
<td>8:4,8</td>
</tr>
<tr>
<td>committed (2)</td>
<td>6:21;7:18</td>
</tr>
<tr>
<td>Committee (2)</td>
<td>3:16,18</td>
</tr>
<tr>
<td>company’s (1)</td>
<td>8:12</td>
</tr>
<tr>
<td>completed (2)</td>
<td>4:8,14</td>
</tr>
<tr>
<td>compliance (2)</td>
<td>8:11,13</td>
</tr>
<tr>
<td>components (1)</td>
<td>7:14</td>
</tr>
<tr>
<td>concerning (1)</td>
<td>8:20</td>
</tr>
<tr>
<td>consideration (1)</td>
<td>4:16</td>
</tr>
<tr>
<td>consistent (2)</td>
<td>9:1,13</td>
</tr>
<tr>
<td>continually (1)</td>
<td>7:1</td>
</tr>
<tr>
<td>continue (1)</td>
<td>6:12</td>
</tr>
<tr>
<td>contract (3)</td>
<td>8:18,23;9:10</td>
</tr>
<tr>
<td>Contracts (19)</td>
<td>3:4,11;4:3,12,15; 5:13,20,6:1,4,7:22, 23:8,3,6,10,9:2,3,4, 21:10,8</td>
</tr>
<tr>
<td>control (1)</td>
<td>7:13</td>
</tr>
<tr>
<td>copy (1)</td>
<td>4:20</td>
</tr>
<tr>
<td>Corporate (2)</td>
<td>3:8,5,6</td>
</tr>
<tr>
<td>Corporation (3)</td>
<td>3:6,7;6:10,9</td>
</tr>
<tr>
<td>costs (1)</td>
<td>9:7</td>
</tr>
<tr>
<td>County (2)</td>
<td>6:11,13</td>
</tr>
<tr>
<td>Credit (2)</td>
<td>9:5,6</td>
</tr>
<tr>
<td>Credits (2)</td>
<td>9:8,8</td>
</tr>
<tr>
<td>current (1)</td>
<td>6:16</td>
</tr>
<tr>
<td>Customer (4)</td>
<td>3:4,5;13,23;10:8</td>
</tr>
<tr>
<td>customers (3)</td>
<td>5:21;6:16;7:8</td>
</tr>
<tr>
<td>customer's (3)</td>
<td>8:3,22;9:9</td>
</tr>
</tbody>
</table>

**D**

| data (1) | 7:6 |
| DELINCE (9) | 2:3,5;3:1;7;5:15; 9:20;10:1,2,7, |
| delivery (2) | 9:15,18 |
| Department (1) | 5:18 |
| deposits (1) | 8:21 |
| details (1) | 5:12 |
| Development (3) | 5:11,17,18 |
| direct (3) | 7:23;8:18;9:1 |
| directly (1) | 6:6 |
| Director (2) | 5:10,17 |
| due (1) | 6:19 |
| Dunkirk (1) | 4:1 |
| during (1) | 4:4 |

**E**

| earlier (1) | 9:20 |
| East (1) | 7:15 |
| Economic (1) | 5:18 |
| emailed (1) | 5:6 |
| Emission (2) | 9:5,8 |
| employment (4) | 8:4,7,13,14 |
| Energy (2) | 9:5,8 |
| EP (5) | 6:8,10;7:4,11;9:12 |
| equipment (1) | 7:17 |
| event (1) | 8:21 |
| executing (1) | 3:10 |
| existing (2) | 5:20;6:15 |
| Expansion (2) | 6:7,7:2 |

**F**

| facilities (4) | 6:17,22;7:2,16 |
| facility (1) | 7:9 |
| failure (1) | 8:22 |
| fall (1) | 8:13 |
| faxed (1) | 5:5 |
| fees (1) | 8:21 |
| final (1) | 4:14 |
| Finance (1) | 3:16 |
| financial (1) | 7:7 |
| First (2) | 3:12,22 |
| following (2) | 3:20;7:20 |
| forth (2) | 3:10;4:10 |
| forwarded (1) | 4:15 |
| four (1) | 3:20 |
| Friday (3) | 5:4,9,22;10:13 |

**G**

| Gazette (1) | 3:21 |
| general (1) | 7:2 |
| generated (1) | 5:22 |
| Getzville (1) | 6:23 |
| given (2) | 4:2,6 |
| Good (3) | 3:1,5;15;10:14 |
| Governor (2) | 3:14,4:16 |
| Grid (1) | 9:16 |

**H**

| hearing (14) | 3:2,12,13,21;4:5,6, |
Lastly (1) 9:15
late (1) 8:20
law (3) 3:2,9,6,5
Leader (2) 3:15,17
leading (1) 3:21
light (1) 4:12
load (1) 9:9
located (3) 5:21,6:9,23
location (1) 7:8
Lorna (1) 4:20

M
M&T (4) 3:5,7,5,9,10,9
machinery (1) 7:17
mailed (1) 5:5
Main (1) 5:7
maintain (3) 6:21,7:9,18
maintenance (1) 7:2
manufacturer (1) 7:13
March (1) 6:14
May (5) 4:22,6:6,8:6,15,10:7
Means (1) 3:18
met (1) 8:9
miles (1) 6:9
million (1) 7:15
minimum (1) 7:18
Minority (2) 3:15,17
miscellaneous (1) 7:17
monthly (1) 8:23
Moog (5) 3:6,7,12,14,18,10:9

N
name (2) 3:7,5,16
National (1) 9:16
negotiated (1) 3:11
New (10) 3:3,9,5,11,21,6:17,23,7,8,15,8:1,9:2
News (1) 3:22
newspapers (1) 3:20
next (1) 4:10
Niagara (3) 3:21,5:22,6:9
night (1) 10:14
non-payment (1) 8:17
notice (2) 3:13,14
notices (1) 3:19
November (1) 7:5
NY (1) 5:7
NYPAP (2) 4:11,7:3
NYPAP's (1) 5:18
NYSEG (1) 9:17

O
Observer (1) 4:1
office (3) 4:4,9,7:7
officially (1) 10:10
once (3) 3:20,4:7,14
one (1) 4:20
open (2) 5:2,10:12
operates (1) 7:6
Operator (1) 8:2
oral (2) 4:17,5:1

P
payment (2) 8:21,22
percent (2) 8:12,14
period (1) 4:5
perpetual (1) 7:21
Plains (3) 4:4,8,5:7
plan (1) 4:17
please (1) 4:20
pm (1) 10:16
point (1) 5:9
Power (8) 3:3,5,23,6:7,8,10,8:5,7,9:14
precision (1) 7:13
present (1) 5:19
Preservation (1) 9:14
President (1) 3:15
previously (1) 10:11
prior (2) 3:12,4:5
Pro (1) 3:15
procedures (1) 3:10
process (1) 4:10
program (1) 9:14
Project (4) 5:11,17,23,6:10
proposed (8) 3:4,4,3,12,5,12,20,7:21,9,21,10:8
provide (3) 5:12,7,23,9:4
provided (3) 3:13,6,10,9:16
provides (1) 7:7
provisions (3) 7:21,8,19,23
public (8) 3:2,9,4,2,6,12,6:4,9:17,10:7
purchase (1)
| S | 4:22:5:1 step (1) 4:10 Street (1) 5:7 Subsection (1) 6:5 summary (2) 5:19;7:20 supply (1) 8:1 System (1) 8:2 systems (1) 7:14 upgrades (2) 7:1,18 utilities' (1) 9:17 utilization (2) 8:5,8 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| W | Ways (1) 3:18 website (1) 4:3 week (1) 3:20 weeks (1) 3:20 Western (3) 5:11,21;6:17 White (3) 4:4,8,5:7 within (2) 5:17;6:9 WNY-1 (1) 9:11 written (2) 4:19,22 wwnypagov (1) 4:8 |
| T | Tariff (1) 9:11 tariffs (1) 9:19 taxes (1) 8:2 Technology (4) 3:5;6:20,7:1;10:9 Temp (1) 3:15 term (1) 6:15 terminate (1) 8:7 terms (1) 9:11 Therefore (1) 3:13 three (3) 5:20;6:15,16 threshold (2) 8:12,14 Times-Union (1) 3:23 today (1) 5:19 today's (1) 4:5 transcript (1) 4:7 transmission (1) 9:15 Trustees (5) 3:3;4:11,14;6:3,14 turn (1) 9:23 two (1) 8:22 11-P (1) 5:7 123 (1) 5:7 128 (1) 7:9 13 (1) |
| Y | York (10) 3:3;9:5;11,21;6:17, 23:7:8,16;8:19:2 31 (2) 7:12;10:7 1 (4) 5:4;6:12;9:22;10:13 1,150 (1) 7:4 10 (1) 2:5 1005 (1) 6:5 1009 (2) 3:10;4:11 10601 (1) 5:7 90 (2) 8:12,14 914390-8040 (1) 5:8 |
| Z | Zero (2) 9:5,8 30-day (1) 4:5 750 (1) 6:18 1,150 (1) 7:4 10 (1) 2:5 1005 (1) 6:5 1009 (2) 3:10;4:11 10601 (1) 5:7 90 (2) 8:12,14 914390-8040 (1) 5:8 |
### Full Requirement Municipal Electric Utility Systems

<table>
<thead>
<tr>
<th>Customer</th>
<th>Hydropower Allocation (kilowatts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Sherrill</td>
<td>12,994</td>
</tr>
<tr>
<td>Village of Greenport</td>
<td>5,304</td>
</tr>
<tr>
<td>Village of Lake Placid</td>
<td>29,058</td>
</tr>
<tr>
<td>Village of Marathon</td>
<td>4,306</td>
</tr>
<tr>
<td>Village of Mayville</td>
<td>4,544</td>
</tr>
<tr>
<td>Village of Tupper Lake</td>
<td>18,929</td>
</tr>
<tr>
<td>Village of Watkins Glen</td>
<td>6,248</td>
</tr>
</tbody>
</table>
GENERAL FORM OF PROPOSED RIDER -
RATES AND CHARGES FOR CUSTOMERS REQUESTING
HIGH DENSITY LOAD (“HDL”) SERVICE

A. APPLICABILITY:

This Rider is applicable to new and existing customers receiving service under any service classification of this Tariff where:

1. the customer’s load density, in the portion of the premises containing the load consuming equipment, exceeds 250 kWh/ft²/year; and
2. the maximum demand used or requested by the customer exceeds 300 kW; and
3. the load to be served is (a) located in a new building or new premises, or (b) new or increased load in an existing building or existing premises; and
4. the customer does not qualify for the New York Power Authority Industrial Economic Development Program.

B. APPLICATION FOR SERVICE:

1. An owner, occupant, or operator of a building or premises desiring to take service under this Rider shall submit to the Utility an expression of interest, including details of projected connected load and any other information requested by the Utility, in writing to the Utility.

2. Upon payment of security acceptable to the Utility, the Utility shall conduct, or cause to be conducted a feasibility study to evaluate whether the requested load can be safely served by the Utility.

3. The feasibility study will identify what, if any, upgrades to the Utility’s facilities are required to serve the customer.
C. CUSTOMER COST CONTRIBUTION AND SECURITY:

1. Costs and Upgrades. A customer requesting service under this Rider shall be responsible for:
   a. reasonable costs of conducting the feasibility study; and
   b. if the provision of service necessitates added or enlarged Utility facilities, a reasonable contribution to the cost of adding or enlarging the facilities whenever the customer is unable to give assurance, satisfactory to the Utility, that the taking of the increased service shall be of sufficient duration to render the supply thereof reasonably compensatory to the Utility.

2. Financial Security. The customer shall provide financial security to the Utility in an amount and form acceptable to the Utility based on the amount of the customer’s cost contribution, and Rates and Charges.

D. RATES AND CHARGES:

Customers served under this Rider shall pay the rates and charges applicable to their Service Classification, except as follows:

1. HDL Purchased Power Adjustment (“HDL PPA”)

   The energy rates for electric service under this Rider shall be increased per the amount per kWh of the purchased power cost incurred by the Utility to serve all customers under this Rider.

2. HDL PPA Rate Statement

   The rate adjustment per kWh shall be determined by the monthly inputs for cost and electricity reflecting the specific monthly energy and demand costs incurred by the Utility for the customers receiving service under this Rider. A statement showing the HDL PPA per kWh shall be filed with the Authority not less than 3 business days prior to the date on which it is proposed to be effective.
<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company Name</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis¹</th>
<th>Contract Type²</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Expected Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS SERVICES – CONTROLLER</td>
<td>ADP, LLC</td>
<td>06/11/18</td>
<td>Provide Payroll Solution</td>
<td>06/10/23</td>
<td>B/S</td>
<td>$31,000</td>
<td></td>
<td>$878,511.21*</td>
<td>*Note: represents total for up to 5-year term including the interim award amount of $31,000</td>
</tr>
<tr>
<td></td>
<td>ROCKY MOUNTAIN INSTITUTE dba CARBON WAR ROOM</td>
<td>07/02/18</td>
<td>Provide continued support of NYPA’s Electric Vehicle (EV) strategy development</td>
<td>12/31/19</td>
<td>Si/P</td>
<td>$75,000</td>
<td></td>
<td>$550,000*</td>
<td>*Note: represents total through December 31, 2019 including interim award amount of $75,000</td>
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<tr>
<td></td>
<td>BARD COLLEGE</td>
<td>07/01/18</td>
<td>Provide an on-site graduate degree program (&quot;MBA Program&quot;) for NYPA and Canal Corp. employees</td>
<td>06/30/23</td>
<td>B/P</td>
<td>$50,000</td>
<td></td>
<td>$2.5 million*</td>
<td>*Note: represents total for up to 5-year term including the interim award amount of $50,000</td>
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<tr>
<td></td>
<td>ASCENDANT STRATEGY MANAGEMENT GROUP, LLC dba CLEARPOINT STRATEGY</td>
<td>07/09/18</td>
<td>Provide a performance management tool to facilitate measurement of enterprise-wide key performance indicators</td>
<td>07/08/23</td>
<td>B/S</td>
<td>$97,537</td>
<td></td>
<td>$708,910*</td>
<td>*Note: represents total for up to 5-year term including the interim award amount of $97,537</td>
</tr>
<tr>
<td></td>
<td>CARAHSOFT TECHNOLOGY CORPORATION</td>
<td>08/07/18 (on or about)</td>
<td>Provide an Enterprise Governance, Risk and Compliance software solution, maintenance, training and implementation services off GSA Schedule GS-35F-0119Y</td>
<td>08/06/21</td>
<td>B/P</td>
<td></td>
<td></td>
<td>$1,111,393.19*</td>
<td>*Note: represents total for up to 3-year term</td>
</tr>
</tbody>
</table>

¹ Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search  
² Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service  

New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Amount Expended For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTILITY OPERATIONS – ENVIRONMENTAL HEALTH &amp; SAFETY</td>
<td>TSI TURTLE SERVICES, LLC ♦</td>
<td>08/07/18 (on or about)</td>
<td>Provide Air Emissions Support Services</td>
<td>08/06/23</td>
<td>B/P</td>
<td></td>
<td>$1 million*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – ENVIRONMENTAL HEALTH &amp; SAFETY</td>
<td>N18-20126417GJ; 3 Awards</td>
<td>08/07/18 (on or about)</td>
<td>Provide Environmental Consulting Services for the Authority’s Western NY Region</td>
<td>08/06/22</td>
<td>B/P</td>
<td>*Note: represents aggregate total for up to 4-year term</td>
<td>$750,000*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – ENVIRONMENTAL HEALTH &amp; SAFETY</td>
<td>APTIM ENVIRONMENTAL &amp; INFRASTRUCTURE, INC. fka CB&amp;I ENVIRONMENTAL &amp; INFRASTRUCTURE, INC.</td>
<td>08/07/18 (on or about)</td>
<td>Provide Zebra Mussel Monitoring Services for the Niagara Power Project</td>
<td>08/06/22</td>
<td>B/P</td>
<td>*Note: represents total for up to 4-year term</td>
<td>$75,000*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – OPERATIONS SUPPORT (METERING)</td>
<td>ITRON, INC.</td>
<td>08/07/18 (on or about)</td>
<td>Provide technical support for the MV90 software system</td>
<td>08/06/23</td>
<td>S/S</td>
<td>*Note: represents total for up to 5-year term</td>
<td>$277,995.85*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – OPERATIONS SUPPORT (PROJECT MANAGEMENT)</td>
<td>ATLAS PAINTING AND SHEETING CORP.</td>
<td>06/29/18</td>
<td>Provide coating and repair of six Main Deck Hatches at the BG Power Project</td>
<td>06/28/20</td>
<td>B/S</td>
<td>*Note: represents total for up to 2-year term including the interim award amount of $500,000</td>
<td>$500,000</td>
<td>$2.1 million*</td>
<td></td>
</tr>
</tbody>
</table>

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)

1 Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service
<table>
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<tr>
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<th>Company</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis(^1)</th>
<th>Contract Type(^2)</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Expected Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTILITY OPERATIONS – OPERATIONS SUPPORT (PROJECT MANAGEMENT)</td>
<td>CHA CONSULTING, INC.</td>
<td>06/13/18</td>
<td>Provide engineering and design services for the Water Ball Replacement Project at the STL-FDR Power Project</td>
<td>06/12/21</td>
<td>B/P</td>
<td>$50,000</td>
<td></td>
<td></td>
<td>*Note: represents total for 3-year term including the interim award amount of $50,000</td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – POWER SUPPLY (SENY OPERATIONS)</td>
<td>U. ARIAS CORP. ♦</td>
<td>08/07/18 (on or about)</td>
<td>Provide landscaping maintenance for the Southeast NY (SENY) Power Projects</td>
<td>08/06/23</td>
<td>B/S</td>
<td>$1 million*</td>
<td></td>
<td></td>
<td>*Note: represents total for up to 5-year term</td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – POWER SUPPLY (LICENSING)</td>
<td>MORRISONVILLE SEPTIC, LLC</td>
<td>08/07/18 (on or about)</td>
<td>Provide septic service agreement for the Plattsburg Substation</td>
<td>08/06/21</td>
<td>B/S</td>
<td>$30,000*</td>
<td></td>
<td></td>
<td>*Note: represents total for up to 3-year term</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search

\(^2\) Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
## Procurement (Services) Contracts – Extensions and/or Additional Funding

(For Description of Contracts See “Discussion”)

<table>
<thead>
<tr>
<th>Plant Site/Bus. Unit</th>
<th>Company</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis</th>
<th>Contract Type</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Authorized Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC &amp; REGULATORY AFFAIRS</td>
<td>KPMG, LLP</td>
<td>07/29/14</td>
<td>Provide for ongoing advisory services relating to the transfer of the Canal Corporation; specifically post-merger integration due diligence assistance services</td>
<td>07/28/19</td>
<td>B/P</td>
<td><strong>200,000</strong></td>
<td>$10,194,681</td>
<td>$11,741,000*</td>
<td><strong>Note: represents total for 5-year term, and includes $1,056,000 additional funding request</strong></td>
<td></td>
</tr>
<tr>
<td>PUBLIC &amp; REGULATORY AFFAIRS – ENVIRONMENTAL JUSTICE</td>
<td>CEC STUYVESANT COVE, INC. dba SOLAR ONE</td>
<td>07/11/17</td>
<td>Provide Environmental Justice STEM education in accordance with Trustee approved Environmental Justice Implementation Plan</td>
<td>10/10/18</td>
<td>Si/P</td>
<td></td>
<td>$26,950</td>
<td>$49,500*</td>
<td><strong>Note: represents total for 1-year, 3-month term, no additional funding is requested, just 3-month extension</strong></td>
<td></td>
</tr>
<tr>
<td>INFORMATION TECHNOLOGY (ENTERPRISE NETWORK SERVICES)</td>
<td>PRESIDIO HOLDINGS, INC. dba PRESIDIO NETWORKED SOLUTIONS GROUP, LLC</td>
<td>07/27/17</td>
<td>Provide for the replacement of Turret phone systems in the control rooms at BG, NIA, CEC and STL</td>
<td>07/26/19</td>
<td>B/E</td>
<td></td>
<td>$724,974</td>
<td>$1,221,789*</td>
<td><strong>Note: represents total for 2-year term; no additional funding requested, only 1-year extension</strong></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – OPERATIONS SUPPORT (PROJECT MANAGEMENT)</td>
<td>O’CONNELL ELECTRIC COMPANY, INC.</td>
<td>06/14/17</td>
<td>Provide for construction services for the new power service to the future warehouse, office and security building complex and new water ball located at the STL-FDR Power Project</td>
<td>06/13/19</td>
<td>B/C</td>
<td></td>
<td>$529,361</td>
<td>$599,724*</td>
<td><strong>Note: represents total for 2-year term; no additional funding requested; interim approval requested for the period from June 14, 2018 through August 7, 2018</strong></td>
<td></td>
</tr>
</tbody>
</table>

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)

1 Award Basis: B= Competitive Bid; C= Competitive Search; S= Sole Source; Si = Single Source

2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; L= Legal Service
Village of Palmyra
Wayne County
SC140037
SC140038
SC150014

Subject Canal Parcel 1
Approx. 0.55 Acres

Subject Canal Parcel 2
Approx. 0.267 Acres

Subject Canal Parcel 3
Approx. 0.459 Acres

Subject Canal Parcel 4
Approx. 0.33 Acres

Canal Owned Lands
Subject Canal Parcels
Canalway Trail
# NYPAPA Overall Performance

**June 2018**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Measure</th>
<th>Year-To-Date 2018</th>
<th>Status</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maintain Infrastructure</strong></td>
<td>Generation Market Readiness (%)</td>
<td></td>
<td>Status</td>
<td>Target</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>199.40</td>
<td>99.86</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transmission System Reliability (%)</td>
<td></td>
<td>95.84</td>
<td>95.94</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Management</strong></td>
<td>Debt Coverage (Ratio)</td>
<td></td>
<td>2.50*</td>
<td>3.98</td>
<td></td>
</tr>
<tr>
<td></td>
<td>O&amp;M Budget Performance ($ Millions)</td>
<td></td>
<td>240.5</td>
<td>242.2</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Services</strong></td>
<td>MMBTU’s Saved</td>
<td></td>
<td>164.6</td>
<td>169.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy Efficiency Investment in State Facilities ($ Millions)</td>
<td></td>
<td>45.8</td>
<td>64.2</td>
<td></td>
</tr>
<tr>
<td><strong>Workforce Management</strong></td>
<td>Retention (# of Touchpoints)</td>
<td></td>
<td>655*</td>
<td>717</td>
<td></td>
</tr>
<tr>
<td><strong>Safety Leadership</strong></td>
<td>DART Rate (Index)</td>
<td></td>
<td>0.78</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Responsibility</strong></td>
<td>Environmental Incidents (Units)</td>
<td></td>
<td>14</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

*Quarterly measure

---

**Corporate Performance**

<table>
<thead>
<tr>
<th>Status</th>
<th>Meeting or Exceeding Target</th>
<th>Below Target</th>
<th>Significantly Below Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Status</strong></td>
<td>Green</td>
<td>Yellow</td>
<td>Red</td>
</tr>
</tbody>
</table>

*Green indicates the status is meeting or exceeding the target.*
*Yellow indicates the status is below the target.*
*Red indicates the status is significantly below the target.*
2018 Enterprise and Emerging Risks Areas of Focus

Annual Risk Assessments for NYPA completed in June of 2018

Insights around top risks

- Cyber Security
- Customer Energy Choices and Disruptive Innovation
- Attract and Sustain Qualified Workforce
- Sustained Low Energy Prices

Emerging risks

- Data Governance and Management
- 3rd Party Risk Management

Moonshot Projects

Digitization

2X Ideas
Commodity Gross Margin Uncertainty is Inherent to NYPA

- Price and Volume are the key drivers of Commodity Gross Margin variability
- Reduced gross margin volatility through a multi-year portfolio hedging strategy
- Strike the right balance between downside risk reduction and the opportunity for upside margin capture
Canals Risks Assessments

- **Completed Risk Assessment Workshops on July 25th**
  - Aging Infrastructure
    - High exposure to severe weather
  - Capital investment plan at risk
- **Report out to Board of Trustees in September 2018**
Chief Financial Officer’s Report

Robert Lurie, EVP, Chief Financial Officer

Lee Garza, SVP, Financial Operations
<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margins (Energy, Transmission, Non-Utility)</td>
<td>$552.7</td>
<td>$558.1</td>
<td>$5.4</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(448.1)</td>
<td>(435.7)</td>
<td>12.4</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>104.6</td>
<td>122.4</td>
<td>17.8</td>
</tr>
<tr>
<td>Interest Expense, Net</td>
<td>(66.5)</td>
<td>(67.5)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>YTD Net Income</strong></td>
<td>$ 38.1</td>
<td>$ 54.9</td>
<td>$ 16.8</td>
</tr>
</tbody>
</table>
### 2018 Year End Budget vs Forecast

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Forecast</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Margins (Energy, Transmission, Non-Utility)</strong></td>
<td>$1,125.5</td>
<td>$1,146.8</td>
<td>$21.3</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>(915.7)</td>
<td>(943.0)</td>
<td>(27.3)</td>
</tr>
<tr>
<td><strong>Variance – Post Budget - Strategic Initiatives</strong></td>
<td></td>
<td></td>
<td>(12.9)</td>
</tr>
<tr>
<td><strong>Variance – Post Budget- Canals / Syracuse Inner-Harbor Project</strong></td>
<td></td>
<td></td>
<td>(13.0)</td>
</tr>
<tr>
<td><strong>Other Operating Expense Variance</strong></td>
<td></td>
<td></td>
<td>(1.4)</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>209.8</td>
<td>203.8</td>
<td>(6.0)</td>
</tr>
<tr>
<td><strong>Interest Expense, Net</strong></td>
<td>(132.9)</td>
<td>(128.0)</td>
<td>4.9</td>
</tr>
<tr>
<td><strong>Year End Net Income</strong></td>
<td>$ 76.9</td>
<td>$ 75.8</td>
<td>($ 1.1)</td>
</tr>
</tbody>
</table>
Moonshot Update

Doug McMahon, VP, Strategy
Back in May 2018 NYPA announced three potential areas of significant “moonshot” investment to supplement its ambitious Strategic Plan.

| 1 | EV Acceleration | Accelerate NYS’ progress towards REV GHG emissions reduction of 40% from 1990 levels by 2030, through electrifying the transportation sector |
| 2 | Clean Generation | Help ensure that Governor Cuomo’s 2.4GW offshore wind target and more broadly, the REV 50% renewables generation by 2030 target are met affordably and efficiently |
| 3 | Flexibility for a Carbon Free Future | Create a future grid with carbon-free flexibility that enables high penetration of affordable and reliable renewables by 2030 |

Each are impactful investments that will help NY State reach its 2030 clean energy goals.
In May, NYPA agreed to allocate up to $250M through 2025, with an immediate investment of $40M for three, Phase 1 projects through EY 2019 to accelerate EVs.

**DCFC Rollout**
- Siting analysis
- Partnership engagement
- Term sheets

**EV Model Community**
- Muni / Co-op outreach
- Evaluation criteria & program elements

**NYC Airport Hub**
- Sites identified
- Easement sheet / terms
- Bus chargers
NYPA issued an RFI to increase dialogue with the private sector and maximize the impact of our potential $250MM EV acceleration investment.

Objectives:

• Identify potential public/private partnerships to address key barriers in the EV marketplace

• Help NYPA gauge private sector interest in partnership opportunities to co-invest, co-market, and collaborate across the EV ecosystem

• Create business models for developing EV infrastructure and services, and standard financing approaches for DCFC projects, or portfolios of projects
Studying Europe’s experience with OSW transmission will help NYPA & the State optimize the New York system design and business model.

1. Establish Memorandum of Understanding with Con Edison, LIPA and NYSERDA
2. Carry out 4 week European OSW Transmission and Interconnect study
3. Integrate findings into a longer 6 month NY State OSW T&I study

OSW Transmission and Interconnection Study

Objectives:
- Learn from experience of Europe and other geographies
- Identify potential optimal system-wide T&I infrastructure strategies to support 2.4GW of OSW in NYS

Scope includes:
- HVAC and HVDC modes
- Ownership models
- Financing structures
- Direct radial vs. backbone networks
- Cost, reliability & feasibility
NYPA can increase grid flexibility to ensure New York State’s bold renewables target is met in a carbon-free, and affordable way.

**Flexibility is critical**

- Intermittent wind and solar pose new challenges across the bulk and distribution grids, creating short and long-term imbalance between energy supply and demand

- Traditional flexibility solutions use fossil fuels, are less efficient, and/or are expensive; carbon-free options need to be developed

**Challenges to meeting flexibility needs include:**

- 25x storage capacity required to meet 2025 NYS storage target

- Full value of flexibility services cannot be monetized

- Market is still very nascent, with limited knowledge driving uncertainty

---

1 According to NYSERDA’s Preliminary Base Case for NYS Energy Storage Roadmap
To address these flexibility challenges, the NYPA team is focusing its initial efforts in three areas.

**Business Case**
- Building out a compelling business case for immediate action

**Stakeholder Engagement**
- Reaching out to market participants to explore how flexibility can and should be valued

**Test and Learns**
- Storage
- Demand Response
- Data sharing
Performance Measures – YTD June 2018

Utility Operations

Generation Market Readiness
99.86% vs 99.40%
(actual vs target YTD)

Transmission Reliability
95.94% vs 95.84%
(actual vs target YTD)

Environmental Incidents
7 vs 14
(actual vs target YTD)

NYPA Overall

Dart Rate
0.87 vs 0.78
(actual vs target YTD)
May 15, 2018

MEMORANDUM OF AGREEMENT

BETWEEN

POWER AUTHORITY OF THE STATE OF NEW YORK

And

LOCAL UNIONS 2032 and 2104, INTERNATIONAL BROTHERHOOD of ELECTRICAL WORKERS, A.F.L. - C.I.O.

The negotiating committees of the NY Power Authority ("Authority") and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers, AFL-CIO, have reached agreement, subject to the ratification of the memberships of the Union and the approval of the Authority's Trustees, on all of the following contract extension terms which will be incorporated in the 2011-2019 collective bargaining agreement whose term shall run from April 1, 2019 through March 31, 2022.

1) Term of Agreement
   April 1, 2019 – March 31, 2022

2) Wage Increase
   4/1/2019  2%
   4/1/2020  2%
   4/1/2021  2%

3) Benefits Changes

<table>
<thead>
<tr>
<th>Benefits</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution</td>
<td>$1,400 / $3,500</td>
<td>$1,400 / $3,500</td>
<td>$1,400 / $3,500</td>
<td>$1,400 / $3,500</td>
<td>$1,400 / $3,800</td>
</tr>
<tr>
<td>Pharmacy Co Pays</td>
<td>$8 / 25 / 45</td>
<td>$8 / 25 / 45</td>
<td>$10 / 30 / 45</td>
<td>$10 / 30 / 45</td>
<td>$10 / 30 / 50</td>
</tr>
<tr>
<td>Remove 100 pills - utilize mail order @ 2.5 copay by over 1 month supply beginning on 4/1/2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Co-Pays</td>
<td>$25 Diagnostic, Imaging, Mental Health/Rehab</td>
<td>$25 Diagnostic, Imaging, Mental Health/Rehab</td>
<td>$30</td>
<td>$30</td>
<td>$35</td>
</tr>
</tbody>
</table>
4) CBA Housekeeping

- Remove MRM from CBA
- Replace current FRC with new FRC
- Replace Mutual Aid Section with new Agreement
- Replace Apprentice with new Agreement
- Remove Variable Pay
- Remove titles that no longer exist
  - Building Custodian
  - Watchperson
  - Schedule Clerk
  - Assistant Schedule Clerk
  - Printing Operator

5) Post Negotiation – Joint Sub-committees:

a) Reformat CBA - Designate one union member from each local to work with two management representatives on re-formatting the CBA to leverage features of WORD

b) Update Job Classification Manual - Designate one union member from each local to work with two management representatives on updating the Job Classification manual to incorporate negotiated changes and re-formatting to leverage features of WORD

By: [Signature]
New York Power Authority
5/22/2018

By: [Signature]
Local Union 2104, IBEW

By: [Signature]
Local Union 2032, IBEW
June 12, 2018

MEMORANDUM OF AGREEMENT

BETWEEN

CANAL CORPORATION

And

UNIT V, PUBLIC EMPLOYEES FEDERATION

DIVISION 504, AFL-CIO

The Negotiating Committees of the Canal Corporation and Unit V of the Public Employees Federation, Division 504, AFL-CIO, have reached agreement, subject to the ratification of the memberships of the Local Union and the approval of the Canal Corporation’s Trustees, on all of the following changed terms which will be incorporated in the successor collective bargaining agreement whose term shall run from June 30, 2012 through June 30, 2022.

TERMS

1) Term of Agreement - July 1, 2012 to June 30, 2022
   Article 3

2) Wage Increases and Lump Sum Payment
   Wage rates shall be increased to the entire salary schedule as follows effective on the below-listed dates for permanent fulltime employees on the payroll on the contract ratification date and thereafter:

   7/1/15    2.00%
   7/1/16    2.00%
   7/1/17    2.00%

   Upon Ratification $1,000 lump sum (not added to base) on payroll 1/1/17 and Board Approval

   7/1/18    2.00%
   7/1/19    2.00%
   7/1/20    2.00%
   7/1/21    2.00%

Employees who transferred from Thruway and previously received increases will not be compensated twice (no “double dipping).
   Article 8.A.1
3) **Retroactivity**  
Replace April 16, 2009 with “the date of Board ratification of this agreement.”  
*Article 8.A.6*

4) **Health Insurance** – Annual employee contribution amounts shall be changed as follows:

<table>
<thead>
<tr>
<th>Hired before 7/29/2005</th>
<th>Individual / Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upon Board ratification</td>
<td>7% / 9%</td>
</tr>
<tr>
<td>1/1/19</td>
<td>8% / 12%</td>
</tr>
<tr>
<td>1/1/20</td>
<td>9% / 15%</td>
</tr>
<tr>
<td>1/1/21</td>
<td>10% / 20%</td>
</tr>
<tr>
<td>1/1/22</td>
<td>10% / 25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Currently contributing and hired on or after 7/29/2005</th>
<th>Individual / Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upon Board ratification</td>
<td>10% / 20%</td>
</tr>
<tr>
<td>1/1/19</td>
<td>10% / 25%</td>
</tr>
<tr>
<td>1/1/20</td>
<td>10% / 25%</td>
</tr>
<tr>
<td>1/1/21</td>
<td>10% / 25%</td>
</tr>
<tr>
<td>1/1/22</td>
<td>10% / 25%</td>
</tr>
</tbody>
</table>

| New Hires Upon Board Ratification | 16% / 31% |

*Article 10.A.2*

5) **Domestic Partners** – New language to add eligibility for medical coverage consistent with Civil Service qualifying criteria.  
*Article 10*

6) **Medical Coverage Opt Out** – Open eligibility for Opt Out to all full time employees and offer payment of $1500 individual and $3000 family for opting out of coverage in accordance with NYSHIP procedures.  
*Article 10.A.8.*

7) **Retirees** – Applies to current employees who retire after ratification
   - Retirees medical contribution in retirement upon ratification to be 6% / 25%
   - When all active employees start to contribute at 10/25, retirees shall contribute at the same contribution rate as the active employee at the time of retirement
   - Those hired into Canals after ratification who retire pay 16% / 31% in retirement  
*Article 9*

8) **Floating Holidays** – Allocate two floaters in January and two in July each year.  
*Article 12*

9) **Productivity Enhancement Program** – New provision which provides for full time employees to exchange vacation, personal leave and/or for 2018 only compensatory leave credits to be applied towards health insurance premiums.
10) **Compensatory Time** – Establish annual carry over and clarify usage

*Article 11.A.6*

11) **Available by Phone** – See Attached

*Article 11.D*

12) **Starting Wage Rate** – Effective upon ratification, the hiring rate for the Canal new hires will be the same hiring rate provided in the 2016-2019 State/PEF Agreement Article 7.6 2018-2019 Salary Schedule. Effective July 1, 2019 and thereafter, the hiring rate will be in accordance with the 2% increases covered under Article 8.A. Salary of the new Canal/PEF Agreement.

*Article 8 – to be place on the salary schedule*

13) **Thruway Pass** – Eliminate passes for all categories of employees and family members and provide a $1,000 lump sum payment to employees on the payroll at the time of ratification. Those who are on no pay status at the time of this payment will receive the lump sum payment upon their return to work.

*Article 13.C*

14) **Canal Passes** – Eliminate passes.

*Article 13.D*

15) **Overtime meal allowance** – Increase to $6 for all employees who work over 11 hours

*Article 11.C*

16) **Nursing Services** – Delete.

*Article 13.A.3*

17) **Safety Work Boots** - Boot reimbursement of up to $100 each for two pairs or one pair up to $150

*Article 13*

18) **Grievance Procedure** – Add time-bound language to process and include forms in contract book.

*Article 14.B*

19) **Housekeeping items:**
   
a. Remove Social Security number from reporting data and replace with an employee ID number
Article 5.A.
b. Modify language to add “or designee” to Performance Rating Appeal Procedure

Article 8.G.1

By: _____________________    By: _____________________
Canal Corporation                  PEF, Unit V

DATE:
Article 11.A.6 Compensatory Time

- Upon ratification, new employees will have their annual carry over time is limited to 60 hours on June 30 of each year.
- On a one time only basis, 2018 year end hours may be used to offset the medical contributions for 2019 using the Productively Enhancement Program above.
- Staff with current balances in excess of 60 must use or cash out time in excess of 60 hours by 12/31/2018.
- Effective June 30, 2019 and each June 30 thereafter, the maximum comp time balance allowed shall be 60 hours and any hours over 60 shall be paid as overtime.

Navigation Season Stipend

Eligibility:
Employees in the Canal Electrical Supervisor and Floating Plant Supervisor positions salary grade 17 will receive an annual $2400 Navigation Season Stipend. This stipend shall be paid on a bi-weekly basis to the above employees on active pay status during navigation season. An employee will not receive the bi-weekly portion of the stipend for any pay period in which s/he is not on active pay status. This will be effective upon contract ratification on a pro-rated basis.

Employees under this provision are expected to respond timely to support or to provide assistance in the resolution of issues or incidents on the Canal System outside their normal work hours. Employees receiving this stipend are required to complete, and submit along with their time records, a bi-weekly log of phone calls/alerts received while off duty. The logs shall include a description of and the time required for such calls/alerts.

Overtime compensation for responding to work calls shall remain consistent with the provisions of the CBA, and applicable law, and is not affected by this stipend.

Opt Out

The Opt Out restriction would be for all employees prospectively.

Effective on and after (date of board approval or ratification), employees who opt out of health coverage shall attest to having other health coverage that is not through a NYSHIP Plan.

6/12/2018
## Commercial Operations: Wholesale

<table>
<thead>
<tr>
<th></th>
<th>Year to Date - June</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
</tr>
<tr>
<td>Customer Usage</td>
<td>12.1</td>
<td>12.1</td>
</tr>
<tr>
<td>Generation</td>
<td>14.4</td>
<td>14.8</td>
</tr>
</tbody>
</table>

### Electric Prices

- **Actual** $44.10
- **Budget** $38.50

### Fuel Prices (unit cost of fuel)

- **Actual** $4.92
- **Budget** $4.61

### Notes

- Customer Usage: Actual (12.1) vs. Budget (12.1) - 0%
- Generation: Actual (14.4) vs. Budget (14.8) - 3%
- Electric Prices: Actual ($44.10) vs. Budget ($38.50) - 15%
- Fuel Prices: Actual ($4.92) vs. Budget ($4.61) - 7%
Commercial Operations: Economic Development

Recharge NY: 747 MW out of 910 MW allocated

All programs: 394,730 jobs, $34 Billion capital committed

*data as of July 31, 2018
# Commercial Operations: Customers

<table>
<thead>
<tr>
<th>in $ millions</th>
<th>Actual</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Investments</td>
<td>121.3</td>
<td>82.9</td>
</tr>
<tr>
<td>Non-utility Revenues</td>
<td>8.9</td>
<td>6.9</td>
</tr>
<tr>
<td>Operating Expenses*</td>
<td>13.9</td>
<td>14.0</td>
</tr>
</tbody>
</table>

*Does not include outstanding project claims

Latest technology installation of energy efficient cooling towers at HHC Lincoln Hospital
<table>
<thead>
<tr>
<th>Line</th>
<th>Company</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>IOU</th>
<th>Description</th>
<th>kW Request</th>
<th>kW Recommendation</th>
<th>Jobs Retained</th>
<th>Jobs Created</th>
<th>Total Job Commitment</th>
<th>Capital Investment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rochester Insulated Glass, Inc.</td>
<td>Manchester</td>
<td>Ontario</td>
<td>Finger Lakes</td>
<td>RGE</td>
<td>Manufacturer of architectural flat glass</td>
<td>2,516</td>
<td>1,256</td>
<td>56</td>
<td>0</td>
<td>56</td>
<td>$1,500,000</td>
<td>(1) 7</td>
</tr>
<tr>
<td></td>
<td>Finger Lakes Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,256</td>
<td>56</td>
<td>0</td>
<td>56</td>
<td>$1,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Trenton Technology, Inc.</td>
<td>Utica</td>
<td>Oneida</td>
<td>Mohawk Valley</td>
<td>NGRID</td>
<td>Manufacturer of industrial computers</td>
<td>528</td>
<td>260</td>
<td>218</td>
<td>0</td>
<td>218</td>
<td>$1,750,000</td>
<td>(1) 7</td>
</tr>
<tr>
<td></td>
<td>Mohawk Valley Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>260</td>
<td>218</td>
<td>0</td>
<td>218</td>
<td>$1,750,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,516</td>
<td>274</td>
<td>0</td>
<td>274</td>
<td>$3,250,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) These companies are also recommended for expansion-related allocations of RNY for separate and distinct job creation and capital investment commitments associated with proposed business expansions.
**APPLICATION SUMMARY**  
Replacement Power (“RP”)  

**Company:** Unifrax I LLC (“Unifrax”)  

**Project Location:** Town of Tonawanda  

**County:** Erie County  

**IOU:** National Grid  

**Business Activity:** Manufacturer of insulation products for the automotive industry.  

**Project Description:** Unifrax is proposing to add a second manufacturing line at its new Pirson Parkway facility (known as the Line #6 Project), to meet customer demands for its poly-crystalline fiber products.  

**Existing Allocation(s):** 1,400 kW of RP at this location  

**Power Request:** 2,500 kW  

**Power Recommended:** 1,000 kW RP  

**Job Commitment:**  
- **Base:** 25 jobs  
- **New:** At least 20 jobs  

**New Jobs/Power Ratio:** 20 jobs/MW  

**New Jobs - Avg. Wage and Benefits:** $66,250  

**Capital Investment:** At least $28.5 million  

**Capital Investment/MW:** $28.5 million/MW  

**Other Incentives:** Unifrax is seeking incentives from Empire State Development, Erie County Industrial Development Agency, National Grid and the Town of Tonawanda  

**Summary:** Unifrax is proposing to install a second production line at its recently constructed 82,000-square-foot Pirson Parkway facility in the Tonawanda Business Park. Unifrax currently employs 477 at its four facilities in Western New York and has been a long-time NYPA customer. Unifrax could consider additional expansion opportunities at the Pirson Parkway facility in the future.
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POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER
(CES)

to

UNIFRAX I LLC
The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power (“Agreement”) with Unifrax I LLC (“Customer”), having facilities at 55 Pirson Parkway, Tonawanda, NY, 14150. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission (“FERC”) Project No. 2216, known as “Expansion Power” (or “EP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as “Replacement Power” (or “RP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts (“MW”) of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant’s long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient’s facilities are located;

WHEREAS, the Customer applied to the Authority for an allocation of hydropower to support operations at a new and/or expanded facility to be constructed and operated by the Customer (defined in Section I of this Agreement as the “Facility”);

WHEREAS, on August 7, 2018, the Authority’s Board of Trustees (“Trustees”) approved a 1,000 kilowatt (“kW”) allocation of RP to the Customer for a seven (7) year term (defined in Section I of this Agreement as the “Allocation”) in connection with the construction and operation of the Facility as further described in this Agreement;

WHEREAS, on August 7, 2018, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the Allocation;

WHEREAS, the provision of Electric Service associated with the Allocation is an
unbundled service separate from the transmission and delivery of power and energy to the Customer, and delivery service will be performed by the Customer’s local electric utility in accordance with the Utility Tariff;

WHEREAS, the Parties have reached an agreement on the sale of the Allocation to the Customer on the terms and conditions provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for certain contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

A. Agreement means this Agreement.

B. Allocation refers to the allocation of EP and/or RP awarded to the Customer as specified in Schedule A.

C. Contract Demand is as defined in Service Tariff No. WNY-1.

D. Electric Service is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

E. Expansion Power (or EP) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

F. Facility means the Customer’s facilities as described in Schedule A to this Agreement.

G. Firm Power is as defined in Service Tariff No. WNY-1.

H. Firm Energy is as defined in Service Tariff No. WNY-1.

I. FERC means the Federal Energy Regulatory Commission (or any successor organization).

J. FERC License means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.
K. **Hydro Projects** is a collective reference to the Project and the Authority’s St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity** (or **LSE**) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power** (or **RP**) is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority’s rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority’s Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled “Expansion Power and/or Replacement Power Allocations” which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled “Expansion Power and/or Replacement Power Commitments” which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

V. **Schedule D** refers to the Schedule D entitled “Clean Energy Standard Cost Recovery Charges” which is attached to and made part of this Agreement.

W. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.
X. **Taxes** is as defined in Service Tariff No. WNY-1.

Y. **Unforced Capacity** (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Z. **Utility Tariff** means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. Electric Service

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer’s local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. Rates, Terms and Conditions

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30
days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority’s competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority’s bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

C. In addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff WNY-1 and the Rules, Electric Service shall be subject to the Clean Energy Standard Cost Recovery Charges provided for in Schedule D.

IV. Expansion Power and/or Replacement Power Commitments

A. Schedule B sets forth the Customer’s specific “Expansion Power and/or Replacement Power Commitments.” The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority’s obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer’s performance of the commitments described in Schedule B.

C. In the event of partial completion of the Facility which has resulted in such Facility being partly operational and the partial attainment of the Base Employment Level, the Authority may, upon the Customer’s request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support the operations of the partially completed Facility.

D. The Customer shall give the Authority not less than ninety (90) days' advance notice in writing of the anticipated date of partial or full completion of the Facility. The Authority will inspect the Facility for the purpose of verifying the completion status of the Facility and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer’s local electric utility and the NYISO.
E. In the event the Customer fails to complete the Facility by August 7, 2021 (i.e., within three (3) years of the Authority’s award of the Allocation), the Allocation, at the option and discretion of the Authority, may be canceled or reduced by the total amount of kilowatts determined by the Authority to fairly correspond to the uncompleted portion of the Facility, provided that in such event, and upon request of the Customer, such date may be extended by the Authority in its sole discretion.

V. Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI. Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority’s behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff (“NYISO Charges”), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer’s local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary to provide for the Allocation, sale and delivery of EP and/or RP to the Customer, the proper and efficient implementation of the EP and/or RP programs, billing related to EP and/or RP, and/or the performance of such parties’ obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the
Customer’s local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, “Information”) which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer’s local electric utility. The Customer’s failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a “load factor sharing” basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer’s local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.
G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority’s firm power customers served by the Authority from the Hydro Projects, curtailments (i.e. reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a pro rata basis to all firm power and energy customers served from the Hydro Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments referenced in Section VIII.A of this Agreement that could impact Customer’s Electric Service under this Agreement. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority’s Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.
D. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days’ prior written notice.

IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days’ notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as
follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email:
Facsimile: ______
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Unifrax I LLC
55 Pirson Parkway
Tonawanda, NY, 14150
Email:
Facsimile:
Attention:

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.
XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party’s interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each
Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]
AGREED:

UNIFRAX I LLC

By: ________________________________

Title: ______________________________

Date: ______________________________

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ________________________________

John R. Koelmel, Chairman

Date: ______________________________
**SCHEDULE A TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER (CES)**

**EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS**

<table>
<thead>
<tr>
<th>Type of Allocation</th>
<th>Amount (kW)</th>
<th>Facility</th>
<th>Trustee Approval Date</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement Power</td>
<td>1,000</td>
<td>55 Pirson Parkway, Tonawanda, NY, 14150</td>
<td>August 7, 2018</td>
<td>Seven (7) years from commencement of Electric Service of any portion of this Allocation.</td>
</tr>
</tbody>
</table>
SCHEDULE B TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER (CES)

EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Employment Commitments

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer’s creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for bona fide economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer’s Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice
all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

II. Reductions of Contract Demand

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement. If the average of the Customer’s six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for Expansion Power and/or Replacement Power is less than 90% of the Customer’s Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Capital Investment

The Customer agrees to undertake the capital investment set forth in the Appendix to this Schedule.

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer’s compliance with the Customer’s obligations provided for in this Schedule B.
D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule, the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer’s scheduled or unscheduled maintenance or Facility upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Energy Efficiency Audits; Information Requests

Unless otherwise agreed to by the Authority in writing, the Customer shall undergo an energy efficiency audit of its Facility and equipment at which the Allocation is consumed at the Customer’s expense at least once during the term of this Agreement but in any event not less than once every five years. The Customer will provide the Authority with a copy of the audit or, at the Authority’s option, a report describing the results of the audit, and provide documentation requested by the Authority to verify the implementation of any efficiency measures implemented at the Facility.

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority’s own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.
APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

Within three (3) years of commencement of Electric Service, the Customer shall employ at least 45 full-time employees (“Base Employment Level”) at the Customer’s Facility. The Base Employment Level shall be maintained thereafter for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT

The Customer shall make a minimum capital investment of $28,500,000 to construct and furnish the Facility (the “Capital Investment”). The Capital Investment is expected to consist of the following approximate expenditures on the items indicated:

- Project Engineering - $ 3,000,000
- Civil, Structural, and Infrastructure - $ 2,700,000
- Environmental - $ 1,400,000
- Mechanical and Electrical Installation - $ 6,000,000
- Process Equipment - $15,400,000

Total Minimum Capital Investment: $28,500,000

The Capital Investment shall be made, and the Facility shall be completed and fully operational, no later than August 7, 2021 (i.e., within three (3) years of the date of the Authority’s award of the Allocation). Upon request of the Customer, such date may be extended in the sole discretion of the Authority.
SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER (CES)

TAKEDOWN SCHEDULE

N/A
SCHEDULE D TO AGREEMENT FOR THE SALE OF EXPANSION POWER
AND/OR REPLACEMENT POWER (CES)

CLEAN ENERGY STANDARD COST RECOVERY CHARGES\(^1\)

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules, the Customer shall be subject to a (i) Zero Emission Credit (“ZEC”) Charge, and (ii) Renewable Energy Credit (“REC”) Charge (collectively, the “Clean Energy Standard Cost Recovery Charges”), as of the dates indicated herein. The Clean Energy Standard Cost Recovery Charges shall be in addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff No. WNY-1 and the Rules.

2. The Clean Energy Standard Cost Recovery Charges have been developed to support the Clean Energy Standard (“CES”) established by the New York Public Service Commission (“PSC”) in an order entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-270 (the “CES Order”). The CES is intended to implement the clean energy goals of the State Energy Plan (“SEP”). The SEP’s goals are that 50% of New York’s consumed electricity is to be provided by renewable electricity sources of power by 2030, and to reduce statewide greenhouse gases by 40% by 2030.

3. As detailed in the CES Order, the PSC established a regulatory program (the “CES Program”) which imposes two requirements on load serving entities (“LSEs”) identified in the CES Order (hereinafter, “Affected LSEs”):

   (1) An obligation to purchase “Zero Emission Credits” (“ZECs”) from the New York State Energy Research Development Authority (“NYSERDA”), in an amount representing the Affected LSE’s proportional share of ZECs calculated by the amount of electric load it serves in relation to the total electric load served by all LSEs in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is currently scheduled to commence on April 1, 2017, and will be implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).

   (2) An obligation to support renewable generation resources to serve the Affected LSE’s retail customers to be evidenced by the procurement of qualifying Renewable Energy Credits (“RECs”) in quantities that satisfy mandatory minimum percentage proportions of the total retail load served by the Affected LSE (the “REC Purchase Obligation”). Minimum purchase proportions for Affected LSEs for years 2017-2021 are specified in the CES Order, subject to adjustment after a 3-year look-back, and the PSC indicates it will adopt increasingly larger minimum purchase proportions for years 2022-2030. The REC Purchase Obligation is

\(^1\) Capitalized terms not defined in this Schedule D have the meaning ascribed to them in the Agreement, Service Tariff No. WNY-1, or the Rules.
scheduled to commence January 1, 2017 and will be implemented on the basis of program years running from January 1 through December 31 of each year (“REC Program Year”).

4. The Authority is not subject to PSC jurisdiction for purposes of the CES Order. However, it supplies electricity to end-use customers throughout the State in a manner similar to an Affected LSE, and supports the clean energy goals of the SEP. Therefore, the Authority will participate in the CES Program as further explained herein by (i) assuming a ZEC Purchase Obligation, and (ii) adapting a form of the REC Purchase Obligation, through an Authority REC Program, to the end-user load for which the Authority serves as an LSE, including power sold under EP and RP Programs, for the purpose of implementing the CES and the SEP’s clean energy goals. The Authority’s participation in the CES Program as described will cause the Authority to incur costs. The ZEC Charge and the REC Charge are intended to recover from the Customer the costs the Authority will incur from purchasing ZECs and RECs that are attributable to Customer load served under this Agreement. By accepting Electric Service under the Agreement, the Customer agrees to reimburse the Authority for such costs through payment of the ZEC Charge and REC Charge.

5. **ZEC Charge**

   a. The Authority anticipates the ZEC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

   i. The cost of the total ZEC Requirement for all LSEs in the New York Control Area, including the Authority as a participating LSE, will be assessed as described in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA. Its share will be based on the proportion of the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The Authority anticipates that LSE ZEC Purchase Obligations will be based on initial forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

   ii. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as LSE, including the EP and RP Programs (the “EP and RP Programs ZEC Cost”). Such allocation will be based on the forecasted kilowatt-hours load of the EP and RP Programs to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for the ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation would be allocated to the EP and RP Programs based on the proportion of the actual annual kilowatt-hours load served under such Programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
iii. The Authority will allocate a portion of the EP and RP Programs ZEC Cost to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the EP and/or RP purchased by the Customer to total kilowatt-hours load served by the Authority under the EP and RP Programs (EP and RP Programs level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation mentioned above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the EP and RP Program by the Authority (EP and RP Programs level load).

b. The ZEC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after April 1, 2017, unless by written notice the Authority specifies that the ZEC Charge shall apply to sales of EP and/or RP commencing on a later date.

6. REC Charge

a. The Authority anticipates the REC Charge to the Customer will be determined as follows, subject to the qualifications provided for in other provisions of this Schedule D:

i. Under the Authority REC Program, the Authority will, at a minimum, secure a sufficient number of RECs as required by the REC Purchase Obligation to cover the Customer’s load based on the percent of the Customer’s kilowatt-hour load as prescribed in the CES Order. The Authority will purchase RECs from NYSERDA or secure qualified RECs from one or more other sources in the Authority’s discretion.

ii. The Authority may, in its sole discretion, as part of the Authority REC Program, offer the Customer a “customer choice component” that would allow the Customer to elect one or more options in connection with the REC Purchase Obligation, such as (but not necessarily limited to) the following: (a) designate the Authority to secure RECs for the Customer’s load, and pay the Authority the REC Charge; (b) purchase the required number of qualifying RECs itself pursuant to an authorized Authority-developed process, thereby avoiding payment of the standard REC Charge; or (c) make a form of Alternative Compliance Payments (“ACPs”) as calculated by the Authority pursuant to an authorized Authority-developed process.

iii. The costs incurred by the Authority under the Authority REC Program that are attributable to the Customer’s load will be passed on to the Customer as the REC Charge. Depending on the availability of the Customer’s kilowatt-hour load information and other data from third-party sources, the Customer will either be billed for actual costs or estimated costs subject to reconciliation adjustments.
b. The REC Charge shall apply to the sale of EP and/or RP sold under this Agreement on and after January 1, 2017, unless by written notice the Authority specifies that the REC Charge shall apply to sales of EP and/or RP commencing on a later date.

7. The Authority may, in its discretion, provide the Customer with additional information relating to the determination of the Clean Energy Standard Cost Recovery Charges by notice prior to the first billing of either charge, at the time of the first billing of either charge, or in another appropriate manner determined by the Authority.

8. The Authority may, in its sole discretion, modify the manner in which it participates in the CES Program, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, the Authority’s legal and financial obligations and polices, changes of law, and other information the Authority determines to be appropriate.

9. The Authority may, in its sole discretion, include the Clean Energy Standard Cost Recovery Charges as part of the bills that are rendered pursuant to Article VII of the Agreement, or bill the Customer for such Charges pursuant to another procedure to be established by the Authority.

10. The Authority may, in its sole discretion, modify the methodology used for determining the Clean Energy Standard Cost Recovery Charges and the procedures used to implement such charges, upon consideration of such matters as PSC orders modifying or implementing the CES Order and CES Program, guidance issued by the Department of Public Service, and any other matter the Authority determines to be appropriate to the determination of such methodology.

11. Nothing in this Schedule D shall limit or otherwise affect the Authority’s right to: (a) charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-1 or the Rules; or (b) charge the Customer, or recover from the Customer for, any cost, expense or other liability to the Authority resulting from any statutory enactment, or any action of the PSC or other governmental authority relating to the SEP or CES.
POWER AUTHORITY OF THE STATE OF NEW YORK

30 SOUTH PEARL STREET

ALBANY, NY 12207

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located

In Western New York

Service Tariff No. WNY-1

Date of Issue: June 1, 2015

Date Effective: July 1, 2015
Table of Contents

Schedule of Rates for Firm Power Service

<table>
<thead>
<tr>
<th>Section</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Applicability</td>
<td></td>
</tr>
<tr>
<td>II. Abbreviations and Terms</td>
<td></td>
</tr>
<tr>
<td>III. Monthly Rates and Charges</td>
<td></td>
</tr>
<tr>
<td>A. Expansion Power (EP) and Replacement Power (RP) Base Rates</td>
<td></td>
</tr>
<tr>
<td>B. EP and RP Rates no Lower than Rural/Domestic Rate</td>
<td></td>
</tr>
<tr>
<td>C. Monthly Base Rates Exclude Delivery Service Charges</td>
<td></td>
</tr>
<tr>
<td>D. Minimum Monthly Charge</td>
<td></td>
</tr>
<tr>
<td>E. Estimated Billing</td>
<td></td>
</tr>
<tr>
<td>F. Adjustments to Charges</td>
<td></td>
</tr>
<tr>
<td>G. Billing Period</td>
<td></td>
</tr>
<tr>
<td>H. Billing Demand</td>
<td></td>
</tr>
<tr>
<td>I. Billing Energy</td>
<td></td>
</tr>
<tr>
<td>J. Contract Demand</td>
<td></td>
</tr>
<tr>
<td>IV. General Provisions</td>
<td></td>
</tr>
<tr>
<td>A. Character of Service</td>
<td></td>
</tr>
<tr>
<td>B. Availability of Energy</td>
<td></td>
</tr>
<tr>
<td>C. Delivery</td>
<td></td>
</tr>
<tr>
<td>D. Adjustment of Rates</td>
<td></td>
</tr>
<tr>
<td>E. Billing Methodology and Billing</td>
<td></td>
</tr>
<tr>
<td>F. Payment by Customer to Authority</td>
<td></td>
</tr>
<tr>
<td>1. Demand and Energy Rates, Taxes</td>
<td></td>
</tr>
<tr>
<td>2. Transmission Charge</td>
<td></td>
</tr>
<tr>
<td>3. NYISO Transmission and Related Charges</td>
<td></td>
</tr>
<tr>
<td>4. Taxes Defined</td>
<td></td>
</tr>
<tr>
<td>5. Substitute Energy</td>
<td></td>
</tr>
<tr>
<td>6. Payment Information</td>
<td></td>
</tr>
<tr>
<td>G. Rendition and Payment of Bills</td>
<td></td>
</tr>
<tr>
<td>H. Adjustment of Charges</td>
<td></td>
</tr>
<tr>
<td>1. Distribution Losses</td>
<td></td>
</tr>
<tr>
<td>I. Conflicts</td>
<td></td>
</tr>
<tr>
<td>J. Customer Resales Prohibited</td>
<td></td>
</tr>
<tr>
<td>V. Annual Adjustment Factor</td>
<td></td>
</tr>
</tbody>
</table>

Date of Issue: March 18, 2014  Date Effective: April 2014 Billing Period

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. Abbreviations and Terms

- kW kilowatt(s)
- kW-mo. kilowatt-month
- kWh kilowatt-hour(s)
- MWh megawatt-hour(s)
- NYISO New York Independent System Operator, Inc. or any successor organization
- PAL New York Public Authorities Law
- OATT Open Access Transmission Tariff

**Agreement:** An executed “Agreement for the Sale of Expansion and/or Replacement Power and Energy” between the Authority and the Customer (each as defined below).

**Annual Adjustment Factor** or **AAF:** This term shall have the meaning set forth in Section V herein.

**Authority:** The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the “New York Power Authority.”

**Customer:** A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

**Electric Service:** The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

**Expansion Power** and/or **Replacement Power:** Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

**Firm Power:** Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.
<table>
<thead>
<tr>
<th><strong>Firm Energy</strong></th>
<th>Energy (kWh) associated with Firm Power.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Load Serving Entity</strong> or <strong>LSE</strong></td>
<td>This term shall have the meaning set forth in the Agreement.</td>
</tr>
<tr>
<td><strong>Load Split Methodology</strong> or <strong>LSM</strong></td>
<td>A load split methodology applicable to a Customer’s allocation. It is usually provided for in an agreement between the Authority and the Customer’s local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer’s local electric utility, or such local utility’s tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as “Load Factor Sharing” or “LFS”, “First through the Meter” or “FTM”, “First through the Meter Modified” or “FTM Modified”, or “Replacement Power 2” or “RP 2”.</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>The Authority’s Niagara Power Project, FERC Project No. 2216.</td>
</tr>
<tr>
<td><strong>Rate Year</strong> or <strong>RY</strong></td>
<td>The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.</td>
</tr>
<tr>
<td><strong>Rules</strong></td>
<td>The Authority’s rules and regulations set forth in 21 NYCRR § 450 et seq., as they may be amended from time to time.</td>
</tr>
<tr>
<td><strong>Service Tariff</strong></td>
<td>This Service Tariff No. WNY-1.</td>
</tr>
<tr>
<td><strong>Target Rate</strong></td>
<td>This term shall have the meaning set forth in Section III herein.</td>
</tr>
</tbody>
</table>

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.
III. Monthly Rates and Charges

A. Expansion Power (EP) and Replacement Power (RP) Base Rates

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a “Target Rate.” The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of “preservation power” as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority’s then-applicable EP and RP tariffs. The Target Rate (i.e. demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the “annual increment.”

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

   RY 2013: July 1, 2013 to June 30, 2014
   RY 2014: July 1, 2014 to June 30, 2015
   RY 2015: July 1, 2015 to June 30, 2016

   The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor (“AAF”) described in Section V herein, shall be applied as follows:

   A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

   B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

   C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. EP and RP Rates no Lower than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the
Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. Monthly Base Rates Exclude Delivery Service Charges

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. Minimum Monthly Charge

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer’s Allocation.

E. Estimated Billing

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer’s actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage (“Estimated Bill”).

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer’s Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer’s Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer’s Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer’s Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer’s Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.
For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer’s actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority’s discretion to render Estimated Bills is not intended to limit the Authority’s rights under the Agreement.

F. Adjustments to Charges

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. 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 electric utility in whose service territory the Customer’s facilities are located.

H. Billing Demand

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I. Billing Energy

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J. Contract Demand

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.
IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority’s obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA’s Firm Power customers served from the Hydro Projects, hydropower curtailments (i.e. reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a pro rata basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority’s designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.
2. Billing Demand – The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer’s meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer’s local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer’s local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy – The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer’s meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer’s local electric utility for delivery of WNY Power.

F. Payment by Customer to Authority

1. Demand and Energy Charges, Taxes

   a. The demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer’s billing demand (as defined in Section IV.E, above) for the billing period; and
   
   b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer’s billing energy (as defined in Section IV.E, above) for the billing period; and
   
   c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. 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 OATT.

3. NYISO Transmission and Related Charges (“NYISO Charges”)

   The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

   A. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
   
   B. Marginal losses;
C. The New York Power Authority Transmission Adjustment Charge ("NTAC");

D. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), 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.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

The method of billing NYISO charges to the Customer will be based on Authority’s discretion.

4. Taxes Defined

Taxes shall be any adjustment as the Authority deems necessary to recover from the Customer any taxes, assessments or any other charges mandated by federal, state or local agencies or authorities that are levied on the Authority or that the Authority is required to collect from the Customer if and to the extent such taxes, assessments or charges are not recovered by the Authority pursuant to another provision of this Service Tariff.

5. Substitute Energy

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

6. Payment Information

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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.
G. **Rendition and Payment of Bills**

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10th) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. **Adjustment of Charges**

1. **Distribution Losses**

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. **Conflicts**

   The Authority’s Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. **Customer Resales Prohibited**

   The Customer may not resell any quantity of Expansion Power and/or Replacement Power.
V. Annual Adjustment Factor

A. Adjustment of Rates

1. The AAF 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 AAF. The AAF 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 ±5.0% ("±5% Collar"). Amounts outside the ±5% Collar shall be referred to as the “Excess.”

   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 price (as measured in cents/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 Factor 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 AAF.

   Step 3: Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.

      a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year’s AAF, up to the ±5% Collar.
b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

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

3. The Authority shall provide the 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, the Customer and the 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 Section V.A.1.
B. Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):

**STEP 1**

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

<table>
<thead>
<tr>
<th>Measuring Year</th>
<th>Measuring Year - 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2013)</td>
</tr>
<tr>
<td>January</td>
<td>171.2</td>
</tr>
<tr>
<td>February</td>
<td>172.8</td>
</tr>
<tr>
<td>March</td>
<td>171.6</td>
</tr>
<tr>
<td>April</td>
<td>173.8</td>
</tr>
<tr>
<td>May</td>
<td>175.1</td>
</tr>
<tr>
<td>June</td>
<td>185.7</td>
</tr>
<tr>
<td>July</td>
<td>186.4</td>
</tr>
<tr>
<td>August</td>
<td>184.7</td>
</tr>
<tr>
<td>September</td>
<td>185.5</td>
</tr>
<tr>
<td>October</td>
<td>175.5</td>
</tr>
<tr>
<td>November</td>
<td>172.2</td>
</tr>
<tr>
<td>December</td>
<td>171.8</td>
</tr>
<tr>
<td>Average</td>
<td>177.2</td>
</tr>
</tbody>
</table>

Ratio of MY/MY-1 1.03
**Index 2 – EIA Industrial Rate**

<table>
<thead>
<tr>
<th>State</th>
<th>Revenues ($000s)</th>
<th>Sales (MWh)</th>
<th>Avg. Rate (cents/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measuring Year (2012)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>590,972</td>
<td>6,814,757</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,109,723</td>
<td>13,053,806</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>328,594</td>
<td>4,896,176</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>304,363</td>
<td>2,874,495</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>1,412,665</td>
<td>15,687,873</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>2,001,588</td>
<td>26,379,314</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,695,978</td>
<td>78,496,166</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,682,192</td>
<td>63,413,968</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>152,533</td>
<td>1,652,593</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>155,903</td>
<td>2,173,679</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>13,434,511</td>
<td>215,442,827</td>
<td><strong>6.24</strong></td>
</tr>
</tbody>
</table>

| **Measuring Year -1 (2011)** | | | |
| 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    | 152,785          | 2,130,205   |                       |
| **TOTAL** | 13,016,880       | 209,059,931 | **6.23**             |

**Ratio of MY/MY-1**

<table>
<thead>
<tr>
<th></th>
<th>Ratio of MY/MY-1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
• **Index 3 – Producer Price Index, Industrial Commodities Less Fuel**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January 190.1</td>
<td>187.2</td>
</tr>
<tr>
<td>February 190.9</td>
<td>188.0</td>
</tr>
<tr>
<td>March 191.6</td>
<td>188.7</td>
</tr>
<tr>
<td>April 192.8</td>
<td>189.9</td>
</tr>
<tr>
<td>May 194.7</td>
<td>191.8</td>
</tr>
<tr>
<td>June 195.2</td>
<td>192.3</td>
</tr>
<tr>
<td>July 195.5</td>
<td>192.3</td>
</tr>
<tr>
<td>August 196.0</td>
<td>193.1</td>
</tr>
<tr>
<td>September 196.1</td>
<td>193.2</td>
</tr>
<tr>
<td>October 196.2</td>
<td>193.8</td>
</tr>
<tr>
<td>November 196.6</td>
<td>193.7</td>
</tr>
<tr>
<td>December 196.7</td>
<td>194.0</td>
</tr>
</tbody>
</table>

Average 194.4 191.5

Ratio of MY/MY-1 1.02

**STEP 2**

Determine AAF by Summing the Weighted Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Ratio of MY to MY-1</th>
<th>Weight</th>
<th>Weighted Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPI Industrial Power</td>
<td>1.03</td>
<td>0.35</td>
<td>0.361</td>
</tr>
<tr>
<td>EIA Industrial Rate</td>
<td>1.00</td>
<td>0.40</td>
<td>0.400</td>
</tr>
<tr>
<td>PPI Industrial Commodities less fuel</td>
<td>1.02</td>
<td>0.25</td>
<td>0.255</td>
</tr>
<tr>
<td><strong>AAF</strong></td>
<td></td>
<td></td>
<td><strong>1.016</strong></td>
</tr>
</tbody>
</table>

**STEP 3**

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.
### STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

<table>
<thead>
<tr>
<th></th>
<th>Demand $/kW-mo.</th>
<th>Energy $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate Year Base Rate</td>
<td>7.56</td>
<td>12.91</td>
</tr>
<tr>
<td>New Rate Year Base Rate</td>
<td>7.68</td>
<td>13.12</td>
</tr>
</tbody>
</table>
## Applicants Recommended for an Award of Fund Benefits by the Western NY Proceeds Allocation Board

<table>
<thead>
<tr>
<th>Line</th>
<th>Business</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>Project Description</th>
<th>Project Type</th>
<th>Recommended Award Amount</th>
<th>Total Project Cost</th>
<th>Jobs Retained</th>
<th>Jobs Created</th>
<th>Total Jobs Created &amp; Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Historic Palace, Inc.</td>
<td>Lockport</td>
<td>Niagara</td>
<td>Western NY</td>
<td>Theater Renovations</td>
<td>Tourism</td>
<td>$142,000</td>
<td>$713,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total: $142,000 $713,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Jobs Created &amp; Retained: -</td>
</tr>
</tbody>
</table>
1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located. The Western New York Regional Economic Development Council which is responsible for Eligible Projects in Erie and Niagara Counties Strategies & Priorities are:
   ▪ Promote “Smart Growth” by investing in areas that infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
   ▪ Promote workforce development by increasing diversity in the labor force, developing and cultivating that includes workers with advancement potential, underemployed, unemployed and special population; align education and skills training to job market for current and future industry needs.
   ▪ Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new start ups in strategic industries and facilitates the commercialization of products that can lead to job growth in the Region.
   ▪ Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products; creating new more efficient processes; creating strong regional brands; creating programs that promote careers in agriculture.
   ▪ Utilize Western New York’s proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will: utilize cross-border planning to create transportation and logistical infrastructure; improve

---

1 As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.
operational relationships; promote the attractiveness of WNY as a hub for global trade.

- Position the WNY region as a global energy hub through new sources of clean energy, energy efficiency and energy efficient transportation.
- Support growth of advanced manufacturing by making research more available to manufacturers to help them innovate.
- Spur growth in the health and life sciences industry through improved commercialization, recruit high profile research talent and reducing the cost burden of healthcare while improving health outcomes.
- Expand the scope of higher education by increasing accessibility to Higher Education for communities that currently have limited access to educational opportunities; better aligning education with the industry needs and creating support structures for start-ups which will assist start-ups with commercialization, business planning, workforce preparation, facilities, etc.
- Grow visitors and visitor spending by raising the profile of WNY as a national and international destination; connect multiple tourist destinations in WNY; improve the profile of the WNY Gateway to the United States.

For more information on the Western New York Regional Economic Development Council please go to http://regionalcouncils.ny.gov/content/western-new-york.

2. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council ("REDC") having responsibility for the region in which an Eligible Project is located.

2 As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, "revitalization" projects.
9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.

10. The growth potential of the applicant’s facilities and the contribution of economic strength to the area in which the applicant’s facilities are or would be located.

11. The extent of the applicant’s willingness to satisfy affirmative action goals.

12. The extent to which an award of Fund Benefits is consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the area in which the business is located.

13. The impact of an award of Fund Benefits on the operation of any other facilities of the applicant, and on other businesses within the region.

14. That the business is likely to close, partially close or relocate resulting in the loss of a substantial number of jobs.

15. That the applicant is an important employer in the community and efforts to revitalize the business are in long-term interests of both employers and the community.

16. That a reasonable prospect exists that the proposed award of Fund Benefits will enable the applicant to remain competitive and become profitable and preserve jobs for a substantial period of time.
EXHIBIT 5e i-1c-C
### Applicant Name: Historic Palace, Inc. (“Palace”)  
### REDC Region: Western New York

<table>
<thead>
<tr>
<th>Project Type:</th>
<th>Tourism/Marketing</th>
<th>County:</th>
<th>Niagara</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry:</td>
<td>Theater and Performing Arts Companies</td>
<td>Locality:</td>
<td>Lockport</td>
</tr>
<tr>
<td>Amount Requested:</td>
<td>$142,000</td>
<td>Start Date:</td>
<td>October 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finish Date:</td>
<td>May 2019</td>
</tr>
</tbody>
</table>

**RECOMMENDED OFFER**

<table>
<thead>
<tr>
<th>Recommended Total Award:</th>
<th>$142,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost:</td>
<td>$713,000</td>
</tr>
<tr>
<td>% of Project Cost Recommended:</td>
<td>20%</td>
</tr>
</tbody>
</table>

**PROJECT BUDGET (Proposed by Applicant)**

<table>
<thead>
<tr>
<th>Use of funds</th>
<th>Amount</th>
<th>Source of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audience Seating</td>
<td>$290,000</td>
<td>WNY EDF</td>
<td>$142,000</td>
</tr>
<tr>
<td>Stage Rigging System</td>
<td>$233,000</td>
<td>Market NY</td>
<td>$285,500</td>
</tr>
<tr>
<td>Orchestra Pit Expansion</td>
<td>$190,000</td>
<td>Griggs Lewis Foundation</td>
<td>$285,500</td>
</tr>
</tbody>
</table>

| Total:                    | $713,000| Total:                  | $713,000|

**REGIONAL IMPACT MEASUREMENTS**

- **Job Commitments:** The Funding Track under which the application was submitted does not require job-related impact.
- **Average Salary of Jobs:**
- **Indirect Jobs Created:**
- **Other Impact:**

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*NEW YORK STATE OF OPPORTUNITY. Western NY Power Proceeds Allocation Board*
**Western New York Economic Development Fund Recommendation Memo**

**PROJECT DESCRIPTION (Adapted from Application)**
Palace plans to renovate its existing historic theater (“Theatre”) by replacing its antiquated, 6 bar stage rigging with a new 20 to 30 bar system, replacing and adding seating to accommodate larger shows, and expanding the orchestra pit to allow more space for musicians and for electrical system upgrades.

**OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESD:</td>
<td>$285,500 Market NY Grant</td>
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<tr>
<td>Economic Dev. Loan:</td>
<td>Other:</td>
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</table>

**PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

**BASIS FOR RECOMMENDATION**

The upgrades proposed in this application would enable the Palace to grow revenue by increasing its ability to accommodate larger live shows, and enhance profitability by avoiding equipment rental charges (which range from $5,000 to $20,000 and make some events cost prohibitive).

The project will compliment both the new CFCU Arena (skating rink) and restoration of the Flight of Five Locks, which is expected to draw approximately 230,000 visitors to Lockport annually. Proposed upgrades to the theater are estimated to increase visitor numbers from 85,000 to 125,000 and economic impact from $2.4M to more than $3.5M annually.

The Theatre is located in the heart of downtown Lockport, and a Brownfield Opportunity Area, where the poverty rate is 19.5% per the 2010 census. Census Tract 237, where the Palace is located, has a 35% poverty rate. A newly renovated theater has been identified as a major contributor to tourism and improving the quality of life in downtown Lockport that would impact the more than 200 small businesses located there.

Tourism projects align well with WNYREDC strategies and priorities, which recognize that WNY visitors generate an estimated $2.2 billion annually in hotel, parks, cultural and entertainment, and retail spending.
**Western New York Economic Development Fund Recommendation Memo**

**EXHIBIT A**

<table>
<thead>
<tr>
<th><strong>ANTICIPATED DISBURSEMENT TERMS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Benefits would be used to reimburse the applicant for a portion of costs associated with the project. It is anticipated that funds will be disbursed in arrears upon project completion. Payment would be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying that the applicant has incurred eligible expenses of approximately $713K.</td>
</tr>
</tbody>
</table>
### Applicants Recommended for an Award of Fund Benefits by the NNY Proceeds Allocation Board

<table>
<thead>
<tr>
<th>Line</th>
<th>Business</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>Project Description</th>
<th>Project Type</th>
<th>Recommended Award Amount</th>
<th>Total Project Cost</th>
<th>Jobs Retained</th>
<th>Jobs Created</th>
<th>Total Jobs Created &amp; Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AmTech Yarns, Inc.</td>
<td>Massena</td>
<td>SLC</td>
<td>North Country</td>
<td>Establish U.S. manufacturing facility</td>
<td>Business Investment</td>
<td>$370,000</td>
<td>$3,700,000</td>
<td>-</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Total: $370,000 $3,700,000 - 18

Total Jobs Created & Retained: 18
Criteria adapted from the “Board Procedures, and Board Policies Relating to the Review of Applications for Fund Benefits”, adopted by the Northern New York Power Proceeds Allocation Board

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the North Country Regional Economic Development Council (“NCREDC”). Such strategies and priorities include the following:
   - Energize our communities by building on growth in the aerospace, transit equipment, defense, biotech, energy, and manufacturing industries
   - Leverage our gateway to Canada, the nation’s largest trading partner, to lead the State in global investment
   - Attract and nurture entrepreneurs through innovation to catalyze the highest per capita rate of small business start-ups and expansions in the state
   - Invest in community development infrastructure that expands opportunities and capacity
   - Innovate effective rural healthcare and education delivery networks
   - Elevate global recognition of the region as one of the special places on the planet to visit, live, work and study
   - Activate tourism as a driver to diversify our economies by creating demand to accelerate private investment
   - Invest in agriculture as we help feed the region and the world
   - Create the greenest energy economy in the state

2. Whether the eligible project would occur in the absence of an award of Fund Benefits.

3. The extent to which an award of Fund Benefits will result in new capital investment in the State by the eligible applicant and the extent of such investment.

4. Other assistance the eligible applicant may receive to support the eligible project.

5. The type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the eligible applicant were to receive an award of Fund Benefits.

6. The eligible applicant’s payroll, salaries, benefits and number of jobs at the eligible project for which an award of Fund Benefits is requested.

7. Where applicable, the number of jobs that will be created or retained within St. Lawrence County and any other parts of the State in relation to the requested award of Fund Benefits, and the extent to which the eligible applicant will agree to commit to creating or retaining such jobs as a condition to receiving an award of Fund Benefits.

8. Whether the eligible applicant is at risk of closing or curtailing facilities or operations in St. Lawrence County and other parts of the State, relocating facilities or operations out of St. Lawrence County and other parts of the State, or losing a significant number of
1 Job creation and retention are key indicators of economic activity. However, the Allocation Board recognizes that certain investments may increase productivity and revitalize areas without immediately increasing permanent employment. Therefore, job creation/retention commitments will be emphasized primarily in the Business Investment Track. While job creation and retention may not be a significant factor for other Tracks, demonstration of economic development benefits to the Region will generally be considered favorably when assessing applications under all Tracks.

2 As provided for in Economic development Law § 197-c(4), many of the criteria are adapted from criteria used in determining eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law (“PAL”) § 1005(13). Certain criteria identified in PAL § 1005(13) are relevant to power allocations under these programs and do not have any logical application to the allocation of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits.
Northern New York Economic Development Fund Recommendation Memo

EXHIBIT A

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>AmTech Yarns, Inc. (&quot;AmTech&quot;)</th>
<th>REDC Region:</th>
<th>North Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>REDC Region:</td>
<td>North Country</td>
<td>County:</td>
<td>St. Lawrence</td>
</tr>
<tr>
<td>Project Type:</td>
<td>Business Investment</td>
<td>Locality:</td>
<td>Massena</td>
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<tr>
<td>Industry:</td>
<td>Fiber, Yarn and Thread Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount Requested:</td>
<td>$740,000</td>
<td>Start Date:</td>
<td>4/1/18</td>
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<tr>
<td></td>
<td></td>
<td>Finish Date:</td>
<td>1/1/19</td>
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**RECOMMENDED OFFER**

- **Recommended Total Award:** $370,000
- **Total Project Cost:** $3,700,000
- **% of Project Cost Recommended:** 10%

**PROJECT BUDGET (Proposed by Applicant)**

<table>
<thead>
<tr>
<th>Use of funds</th>
<th>Amount</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Machinery &amp; Equipment</td>
<td>$2,530,000</td>
<td>NNY EDF</td>
<td>$740,000</td>
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<tr>
<td>Building Expansion</td>
<td>$500,000</td>
<td>SLCIDA</td>
<td>$1,110,000</td>
</tr>
<tr>
<td>Building</td>
<td>$450,000</td>
<td>Company Equity</td>
<td>$987,000</td>
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<tr>
<td>Hard Costs Contingency</td>
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<td>Sr. Company Debt</td>
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<tr>
<td>Soft Costs Contingency</td>
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<tr>
<td>Engineering Design</td>
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<tr>
<td>Legal/Accounting</td>
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<tr>
<td><strong>Total:</strong></td>
<td>$3,700,000</td>
<td><strong>Total:</strong></td>
<td>$3,700,000</td>
</tr>
</tbody>
</table>

**REGIONAL IMPACT MEASUREMENTS**

- **Job Commitments:** Applicant would create 18 full time positions at the project location over seven years.
- **Average Salary of Jobs:** $34,000
- **Indirect Jobs Created:** n/a
- **Other Impact**

**PROJECT DESCRIPTION (Adapted from Application)**

AmTech is a recently formed subsidiary of Seaway Yarns, Inc. a Cornwall, Ontario company that specializes in manufacturing a variety of twisted, air entangled and air textured high performance yarns for application in aerospace, fire-fighting, military, automotive, wire cabling, rope and cordage, and other industries. AmTech seeks funding to establish a U.S. manufacturing facility in the Massena Industrial Park where it would lease to own a building, purchase machinery and equipment and incur costs necessary for it to become the only North American producer of nylon threading, thereby creating a low cost alternative for customers who currently purchase from Colombian or Slovakian suppliers and incur high shipping and inventory carrying costs. The project would help AmTech expand an existing building to accommodate machinery and equipment that requires 45’ ceilings. AmTech would create 18 new jobs and open US bidding opportunities by offering to prospective customers a low cost US based supply alternative.
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

<table>
<thead>
<tr>
<th>SLCIDA PILOT</th>
<th>$148,275</th>
</tr>
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<tbody>
<tr>
<td>ESD Excelsior Tax Credit</td>
<td>$180,000</td>
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PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

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<tr>
<th>TYPE</th>
<th>AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

BASIS FOR RECOMMENDATION

As the Company has considered Canadian and North Carolina location alternatives, the project would help support foreign direct investment in New York State by attracting a Canadian company to St. Lawrence County. AmTech initially plans to hire 18 people over the next seven years. As AmTech plans to ship nylon threading to Canada, this project would support export activity, which would bring additional economic value to the region. The project also aligns well with NCREDC strategies and priorities, which in part include energizing communities by building on growth in manufacturing industries and leveraging gateways to Canada.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits would be used to reimburse the applicant for a portion of costs associated with the project. It is anticipated that funds will be disbursed in arrears upon project completion. Payment will be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses of approximately $3,700,000.
EXHIBIT 5e i-1e-A (29 customers)
NONCOMPLIANCE WITH JOB COMMITMENTS; RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATIONS/CONTRACT DEMANDS, AND (2) ADJUSTMENTS TO JOB COMMITMENTS

Albany Molecular Research, Inc. (Albany, Albany County) AppID 4309
Allocation: 1,280 kW
Contract Demand: 1,280 kW
Power Utilization: 94%
5 year Capital Investment Commitment: $15,000,000
Cumulative Capital Spending: $23,920,954 or 159%
Job Commitment: 345 jobs
Jobs Reported: 299 jobs or 87%

Background: Albany Molecular Research, Inc. is a research pharmaceutical company. The company informed the Authority that it relocated employees to other facilities within New York State, which has impacted employment levels at this location.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,240 kW, and authorize an adjustment to the job commitment to not less than 299 jobs.

API Heat Transfer, Inc. (Buffalo, Erie County) AppID 10365
Allocation: 150 kW
Contract Demand: 150 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $6,968,000
Cumulative Capital Spending: $6,176,651 or 90%
Job Commitment: 269 jobs
Jobs Reported: 223 jobs or 83%

Background: API Heat Transfer, Inc. manufactures and designs heat exchangers. The company did not provide any explanation regarding its job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 140 kW, and authorize an adjustment to the job commitment to not less than 223 jobs.

Associated Brands, Inc. (Medina, Orleans County) AppID 7479
Allocation: 610 kW
Contract Demand: 610 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $14,000,000

1 Unless otherwise indicated or apparent, the discussion in “Background” sections is based on information supplied by the customer.
Cumulative Capital Spending: $13,263,916 or 95%
Job Commitment: 326 jobs
Jobs Reported: 277 jobs or 85%

Background: Associated Brands, Inc. (“ABI”) is a food distributor. The company has indicated that employee retention in ABI’s factory facility has been difficult and it has struggled to find qualified applicants.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 580 kW, and authorize an adjustment to the job commitment to not less than 277 jobs.

Barton Mines Company, LLC (Indian Lake, Hamilton County) AppID 10133
Allocation: 256 kW
Contract Demand: 256 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $1,600,000
Cumulative Capital Spending: $1,113,790 or 71%
Job Commitment: 41 jobs
Jobs Reported: 32 jobs or 78%

Background: Barton Mines Company, Inc. is in the rock garnet mining business. The company has stated that improved production through automation, delayed acceptance by the market of new product, and declining sales are factors in its job shortfall. It experienced increases in production though investments in modern technologies such as robotic palletizing, automated conveying and packaging systems. The investment in automation and lower product demand has reduced positions.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 230 kW, and authorize an adjustment to the job commitment to not less than 32 jobs.

Canon USA, Inc. (Melville, Suffolk, Monroe County) AppID 3211
Allocation: 2,000 kW
Contract Demand: 2,000 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $496,000,000
Cumulative Capital Spending: $589,843,048 or 119%
Job Commitment: 2,059 jobs
Jobs Reported: 1,585 jobs or 77% (confirmed based on audit)

Background: Canon USA, Inc. manufactures consumer imaging products. The company was selected for an audit of its employment records by NYPA’s third party auditing firm and found to be non-compliant for the reporting year. The company did not meet its job commitment level in a previous reporting period.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,740 kW, and authorize an adjustment to the job commitment to not less than 1,585 jobs.
**ConMed Corporation (Utica, Oneida County) AppID 5408**

Allocation: 1,440 kW  
Contract Demand: 1,440 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $3,000,000  
Cumulative Capital Spending: $13,682,427 or 456%  
Job Commitment: 735 jobs  
**Jobs Reported:** 645 jobs or 88%

**Background:** ConMed Corporation (“ConMed”) manufactures medical technology equipment. ConMed has gone through a restructuring process over the past few years in an effort to remain competitive, which impacted its employment levels. The company has filled some vacancies, but its job counts for the period July 2017 through November 2017 indicates no additional job growth.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,410 kW, and authorize an adjustment to the job commitment to not less than 645 jobs.

**Contract Pharmacal Corp. (Hauppauge, Suffolk County) AppID 36619**

Allocation: 156 kW  
Contract Demand: 156 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $1,000,000  
Cumulative Capital Spending: $1,150,000 or 115%  
Job Commitment: 125 jobs  
**Jobs Reported:** 85 jobs or 68%

**Background:** Contract Pharmacal Corp. (“CPC”), is a manufacturer of contract pharmaceuticals. This is the second reporting period in which the company did not meet its job commitment. Compliance action was deferred in the previous reporting period. The company has stated that its jobs shortfall is due to organizational restructuring. It has expanded operations into new buildings and in the process has relocated existing employees to improve efficiencies and promote further growth. The company recently provided job counts for January 2018. The company’s most recent employment level is approximately 80 employees or 64% of its commitment.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 120 kW, and authorize an adjustment to the job commitment to not less than 85 jobs.

**Contract Pharmacal Corp. (Hauppauge, Suffolk County) AppID 37414**

Allocation: 386 kW  
Contract Demand: 386 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $3,000,000  
Cumulative Capital Spending: $2,015,836 or 68%  
Job Commitment: 270 jobs  
**Jobs Reported:** 188 jobs or 70%
Background: See previous background description. CPC recently provided job counts for January 2018, indicating an increase in its employment levels. However, the average employment level is 217 employees or 80% of its commitment for this allocation.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 310 kW, and authorize an adjustment to the job commitment to not less than 217 jobs.

HP Hood LLC (Arkport, Steuben County) AppID 10214
Allocation: 1,100 kW
Contract Demand: 1,100 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $7,500,000
Cumulative Capital Spending: $10,035,822 or 134%
Job Commitment: 135 jobs
Jobs Reported: 117 jobs or 87%

Background: HP Hood LLC (“Hood”) is a private label provider of dairy products. Hood reduced production over the past two reporting periods which has resulted in a reduction in its labor force. With current production it cannot sustain its 135 job commitment and remain competitive in the market place. The company provided job counts for the period July 2017 through November 2017 which indicated no additional job growth.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,070 kW, and authorize an adjustment to the job commitment to not less than 117 jobs.

International Wire Group, Inc. (Camden, Oneida County) AppID 4653
Allocation: 1,080 kW
Contract Demand: 1,080 kW
Power Utilization: 100%
1 Year Capital Spending Investment Commitment: $72,000
Cumulative Capital Spending: $291,648 or 405%
Job Commitment: 88 jobs
Jobs Reported: 78 jobs or 89%

Background: International Wire Group, Inc. (“IWG”) manufactures wire and cable. IWG stated that its job shortfall is due to reallocation of labor between various facilities to meet evolving business demands.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to no less than 1,070 kW, and authorize an adjustment to the job commitment to no less than 78 jobs.

International Wire Group, Inc. (Williamstown, Oswego County) AppID 4661
Allocation: 1,100 kW
Contract Demand: 1,100 kW
Power Utilization: 100%
1 Year Capital Spending Investment Commitment: $1,057,800.00
Cumulative Capital Spending: $1,853,704 or 175%
Job Commitment: 178 jobs
Jobs Reported: 157 jobs or 88%

Background: IWG manufactures wire and cable. IWG has stated that its job shortfall is due to reallocation of labor between various facilities to address changing business demands.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to no less than 1,080 kW, and authorize an adjustment to the job commitment to no less than 157 jobs.

Kionix, Inc. (Ithaca, Tompkins County) AppID 14404
Allocation: 480 kW (Effective 7-1-2017)2
Contract Demand: 480 kW (Effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $11,255,000
Cumulative Capital Spending: $24,381,692 or 217%
Job Commitment: 150 jobs (Effective 7-1-2017)
Jobs Reported: 122 jobs or 81%

Background: Kionix, Inc. is a manufacturer of MEMS inertial sensors. This is the third reporting period in which the company reported job numbers that are below the compliance threshold. The company did not provide any explanation regarding its job shortfall. The company’s job commitment was reduced during the previous reporting period due to job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 440 kW, and authorize an adjustment to the job commitment to not less than 122 jobs.

Mohawk Fine Papers, Inc. (Waterford, Saratoga County) AppID 4894
Allocation: 2,020 kW
Contract Demand: 2,020 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $9,214,000
Cumulative Capital Spending: $9,630,074 or 105%
Job Commitment: 141 jobs
Jobs Reported: 109 jobs or 77%

Background: Mohawk Fine Papers, Inc. manufactures paper products. The company did not provide any explanation regarding its job shortfall.

2 Whenever the discussion indicates that an allocation, contract demand or supplemental commitment is effective as of a date indicated, these matters were subject to modification during the reporting period as a result of previous compliance action or some other circumstance (e.g., voluntary reduction, operational changes).
Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,760 kW, and authorize an adjustment to the job commitment to not less than 109 jobs.

Morgan Stanley & Co. LLC (Purchase, Westchester County) AppID 26222
Allocation: 2,220 kW
Contract Demand: 2,220 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $7,200,000
Cumulative Capital Spending: $10,423,431 or 145%
Job Commitment: 1,416 jobs
Jobs Reported: 1,105 jobs or 78%

Background: Morgan Stanley & Co. is a global financial services firm. The company did not provide any explanation regarding its job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,950 kW, and authorize an adjustment to the job commitment to not less than 1,105 jobs.

Pall Corporation (Port Washington, Nassau County) AppID 11455
Allocation: 1,570 kW
Contract Demand: 1,570 kW
Power Utilization: 96%
1 year Capital Investment Commitment: $970,000
Cumulative Capital Spending: $46,783,399 or 4,823%
Job Commitment: 550 jobs
Jobs Reported: 442 jobs or 80%

Background: Pall Corporation (“PC”) provides water filtration systems. PC was acquired in May 2015, and the new owner has been restructuring. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,410 kW, and authorize an adjustment to the job commitment to not less than 442 jobs.

Printex Packing Corporation (Islandia, Suffolk County) AppID 17732
Allocation: 90 kW (Effective 7-1-2017)
Contract Demand: 90 kW (Effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $1,850,000
Cumulative Capital Spending: $3,776,400 or 204%
Job Commitment: 61 jobs (Effective 7-1-2017)
Jobs Reported: 40 jobs or 66%
Background: Printex Packaging Corporation manufactures clear plastic packaging cartons and displays. This is the fourth year that the company reported employment levels below the compliance threshold. The company did not provide any explanation regarding its job shortfall. The company’s job commitment was reduced in the previous reporting period due to job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 70 kW, and authorize an adjustment to the job commitment to not less than 40 jobs.

Richardson Brands Company (Canajoharie, Montgomery County) AppID 9225

Allocation: 316 kW (Effective 7-1-2017)
Contract Demand: 316 kW (Effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $2,500,000
Cumulative Capital Spending: $2,963,062 or 119%
Job Commitment: 174 jobs (Effective 7-1-2017)
Jobs Reported: 136 jobs or 78%

Background: Richardson Brands Company manufactures candy. This is the fifth year the company fell below the compliance threshold for jobs. The company did not provide any explanation regarding its job shortfall. The company job commitment was reduced the previous reporting period due to job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 280 kW, and authorize an adjustment to the job commitment to not less than 136 jobs.

Schilling Forge, Inc. (Syracuse, Onondaga County) AppID 3916

Allocation: 160 kW
Contract Demand: 160 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $150,000
Cumulative Capital Spending: $228,919 or 153%
Job Commitment: 31 jobs
Jobs Reported: 24 jobs or 77%

Background: Schilling Forge, Inc. is a forging plant. The company stated that its employment shortfall is due to economic conditions.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 140 kW, and authorize an adjustment to the job commitment to not less than 24 jobs.

Snyder Industries, Inc. (Tonawanda, Niagara County) AppID 6884

Allocation: 310 kW (Effective 7-1-17)
Contract Demand: 310 kW (Effective 7-1-17)
Power Utilization: 100%
5 year Capital Investment Commitment: $35,000,000
Cumulative Capital Spending: $3,595,826 or 10%
Job Commitment: 117 jobs (Effective 7-1-17)
Jobs Reported: 60 jobs or 51%

Background: Snyder Industries, Inc. manufactures machinery. This is the third compliance period in which the company reported employment levels below the compliance threshold. Snyder reports that most of its products are used in the coal mining industry, which has been suffering economically, and it has had to lay off employees. The company’s job commitment was reduced the previous reporting period due to job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 190 kW, and authorize an adjustment to the job commitment to not less than 60 jobs.

Sonoco Plastics (Chatham, Columbia County) AppID 3848
Allocation: 740 kW (Effective 7-1-17)
Contract Demand: 740 kW (Effective 7-1-17)
Power Utilization: 100%
5 year Capital Investment Commitment: $1,734,862
Cumulative Capital Spending: $2,535,767 or 146%
Job Commitment: 126 jobs (Effective 7-1-17)
Jobs Reported: 100 jobs or 79%

Background: Sonoco Plastics manufactures plastics. This is the second year that the company reported employment levels below the compliance threshold. The company stated that its employment shortfall is mainly due to organizational restructuring which had the effect of reduced administrative positions. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth. The company’s job commitment was reduced the previous reporting period due to job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 660 kW, and authorize an adjustment to the job commitment to not less than 100 jobs.

Special Metals Corporation (Dunkirk, Chautauqua County) AppID 9807
Allocation: 526 kW
Contract Demand: 526 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $12,000,000
Cumulative Capital Spending: $35,415,564 or 295%
Job Commitment: 78 jobs
Jobs Reported: 66 jobs or 85% (confirmed based on audit)

Background: Special Metals Corporation (“SMC”) produces super alloys. The company was selected for an audit of its employment records by NYPA’s third party auditing firm and found to be non-compliant for jobs for the reporting year. SMC stated it has experienced attrition due to retirement and has
had difficulty finding qualified people to fill positions. SMC recently provided job counts for the period
July 2017 through November 2017, averaging 68 jobs, or 87% of its commitment level.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 500 kW, and authorize an adjustment to the job commitment to not less than 68 jobs.

### Suit-Kote Corporation (Cortland, Cortland County) AppID 11646
- **Allocation:** 500 kW
- **Contract Demand:** 500 kW
- **Power Utilization:** 98%
- **5 year Capital Investment Commitment:** $4,095,000
- **Cumulative Capital Spending:** $2,231,120 or 54%
- **Job Commitment:** 237 jobs
- **Jobs Reported:** 170 jobs or 72%

**Background:** Suit-Kote Corporation manufactures asphalt. The company did not provide any explanation regarding its job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 410 kW, and authorize an adjustment to the job commitment to not less than 170 jobs.

### Sutherland Global Services Inc. (Rochester, Monroe County) AppID 11380
- **Allocation:** 66 kW (Effective 7-1-2017)
- **Contract Demand:** 66 kW (Effective 7-1-2017)
- **Power Utilization:** 100%
- **5 year Capital Investment Commitment:** $4,095,000
- **Cumulative Capital Spending:** $2,231,120 or 54%
- **Job Commitment:** 2,700 jobs (Effective 7-1-2017)
- **Jobs Reported:** 1,811 jobs or 67%

**Background:** Sutherland Global Services is a provider of analytics-driven business solutions. This is the second year in which the company reported employment levels below the compliance threshold. Sutherland has consolidated operations to remain profitable. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth. The company’s job commitment was reduced the previous reporting period due to job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 50 kW, and authorize an adjustment to the job commitment to not less than 1,811 jobs.

### The Nature’s Bounty Co., Inc. (Bohemia, Suffolk County) AppID 7173
- **Allocation:** 1,446 kW
- **Contract Demand:** 1,446 kW

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Power Utilization: 100%
5 year Capital Investment Commitment: $15,000,000
Cumulative Capital Spending: $132,491,658 or 883%
Job Commitment: 980 jobs
Jobs Reported: 847 jobs or 86%

**Background:** The Nature’s Bounty Co., Inc. manufactures vitamins and nutritional supplements. The company indicated that it terminated 25 positions in the June 2017- July 2017 time period. The company recently provided job counts for the period July 2017 through November 2017 which indicates an average job level of 854 jobs, or 87% of its commitment level.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,390 kW, and authorize an adjustment to the job commitment to not less than 854 jobs.

**The Nature’s Bounty Co., Inc. (Bayport, Suffolk County) AppID 9431**
Allocation: 950 kW
Contract Demand: 950 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $1,000,000
Cumulative Capital Spending: $7,189,605 or 719%
Job Commitment: 383 jobs
Jobs Reported: 330 jobs or 86%

**Background:** The Nature’s Bounty Co., Inc. has stated that it relocated employees to other facilities throughout the year. The company recently provided job counts for the period July 2017 through November 2017, which indicate an average job level of 337 jobs, or 88% of its commitment level.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 910 kW, and authorize an adjustment to the job commitment to not less than 330 jobs.

**TMI Trading (Brooklyn, Kings County) AppID 45783**
Allocation: 36 kW (Effective 7-1-2017)
Contract Demand: 36 kW (Effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $1,000,000
Cumulative Capital Spending: $1,052,086 or 105%
Job Commitment: 10 jobs (Effective 7-1-2017)
Jobs Reported: 5 jobs or 50%

**Background:** TMI Trading is a food manufacturing company. This is the second year that the company reported employment levels below the compliance threshold. The company’s job commitment was reduced in the previous reporting period due to job shortfall. The company’s main warehouse operation was relocated from TMI’s Metropolitan Avenue location to its Irving Avenue location, and approximately 36 employees were transferred to the Irving Avenue location.
**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 20 kW, and authorize an adjustment to the job commitment to not less than 5 jobs.

**TurnKey Internet, Inc. (Latham, Albany County) AppID 8711**
Allocation: 750 kW  
Contract Demand: 124 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $1,600,000  
Cumulative Capital Spending: $2,067,233 or 129%  
Job Commitment: 20 jobs  
*Jobs Reported: 15 jobs or 75%*

**Background:** TurnKey Internet, Inc. provides IT on demand to businesses. The company did not provide any explanation regarding its job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 640 kW, and authorize an adjustment to the job commitment to not less than 15 jobs.

**Ultralife Corporation (Newark, Wayne County) AppID 9806**
Allocation: 440 kW  
Contract Demand: 440 kW  
Power Utilization: 100%  
1 year Capital Investment Commitment: $835,250  
Cumulative Capital Spending: $1,551,759 or 186%  
Job Commitment: 228 jobs  
*Jobs Reported: 165 jobs or 72% (confirmed based on audit)*

**Background:** Ultralife Corporation manufactures batteries and communication systems. The company was selected for an audit of its employment records by NYPA’s third party auditing firm and found to be non-compliant for jobs for the reporting year. The company recently provided job counts for the period July 2017 through November 2017, which indicates an average job level of 171 jobs, or 75% of its job commitment.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 360 kW, and authorize an adjustment to the job commitment to not less than 171 jobs.

**Wenner Bread Products Inc. (Bayport, Suffolk County) AppID 5436**
Allocation: 1,956 kW  
Contract Demand: 1,956 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $7,500,000  
Cumulative Capital Spending: $6,758,710 or 90%  
Job Commitment: 502 jobs  
*Jobs Reported: 413 jobs or 82%*
**Background:** Wenner Bread Products Inc. ("Wenner") produces bread products. Wenner stated that its employment shortfall was due to a significant decline in sales of its products. The company also stated that it has attempted to enhance its manufacturing efficiency to meet its production schedules and better utilize its current workforce. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,800 kW, and authorize an adjustment to the job commitment to not less than 413 jobs.

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**EXHIBIT 5e i-1e-B (3 customers)**

**NONCOMPLIANCE WITH JOB COMMITMENTS; RECOMMENDED FOR ADJUSTMENTS TO JOB COMMITMENTS**

**B.H. Aircraft Company, Inc. (Ronkonkoma, Suffolk) AppID 9522**

Allocation: 640 kW  
Contract Demand: 640 kW  
Power Utilization: 96%  
5 year Capital Investment Commitment: $2,500,000  
Cumulative Capital Spending: $3,236,507 or 129%  
Job Commitment: 84 jobs  
Jobs Reported: 69 jobs or 82%

**Background:** B. H. Aircraft Company manufactures aviation noise suppressors. It has invested in technology and automated various aspects of its operations as part of an overall manufacturing efficiency initiative which has resulted in a decrease in employment levels. Once the efficiency initiative is complete, the employment level is expected to be 73 jobs, or 86% of its commitment.

**Recommendation:** Given that the shortfall in jobs is due to efficiency improvements, Staff recommends no reduction to the contract demand/allocation, and the Trustees authorize an adjustment to the customer’s job commitment to not less than 73 jobs.

**GKN Aerospace Monitor, Inc. (Amityville, Suffolk County) AppID 5940**

Allocation: 1,250 kW  
Contract demand: 1,250 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $15,000,000  
Cumulative Capital Spending: $17,174,227 or 114%  
Job Commitment: 360 jobs  
Jobs Reported: 312 jobs or 87%

**Background:** GKN Aerospace Monitor, Inc. ("GKN") produces commercial components for the aerospace industry. GKN has made efficiency improvements in its operations which has led to a reduction in employment levels at the Amityville facility. In addition, some expected business opportunities did not
come to fruition. The company recently provided job counts for the period July 2017 through Nov 2017, however employment levels have continued to decrease during this period.

**Recommendation:** Given that the shortfall in jobs is due to efficiency improvements, Staff recommends no reduction to the contract demand/allocation, and that the Trustees authorize an adjustment to the customer’s job commitment to not less than 312 jobs.

**Vicks Lithograph & Printing Corporation (Yorkville, Oneida County) AppID 5836**

Allocation: 490 kW
Contract Demand: 490 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $2,000,000
Cumulative Capital Spending: $2,828,718 or 141%
Job Commitment: 87 jobs
Jobs Reported: 75 jobs or 86%

**Background:** Vicks Lithograph & Printing Corporation provides publishing services. The company stated that the integration of a new printing press into its operations has resulted in production efficiencies and, in turn, staff reductions.

**Recommendation:** Given that the shortfall in jobs is due to efficiency improvements, Staff recommends no reduction to the contract demand/allocation, and that the Trustees authorize an adjustment to the customer’s job commitment to not less than 75 jobs.
EXHIBIT 5e i-1e-C (18 customers)
NON-COMPLIANCE WITH CAPITAL INVESTMENT COMMITMENTS;
RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATIONS/CONTRACT DEMANDS, (2)
ADJUSTMENTS TO JOB COMMITMENTS, AND (3) ADJUSTMENTS TO CAPITAL
INVESTMENT COMMITMENTS

Avon Products, Inc. (Rye, Westchester County) AppID 3555
Allocation: 980 kW (effective 7-1-2017)
Contract Demand: 980 kW (effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $17,700,000
Cumulative Capital Spending: $3,673,452 or 21%
Job Commitment: 440 jobs (effective 7-1-2017)
Jobs Reported: 541 jobs or 123%

Background: Avon Products is a distributor of beauty products. Over the past few years Avon Products, Inc. has been going through major changes in its business. In December 2015, Avon sold its North America business to a Cerberus Capital Management. In March 2016, the company announced the move of corporate headquarters from New York to the United Kingdom. It appears that the company has focused its capital investments on other facilities.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 300 kW, authorize an adjustment to the job commitment to not less than 136 jobs, and authorize an adjustment to the 5-year capital investment commitment (“CIC”) to not less than $3,673,452.

Brodock Press, Inc. (Utica, Oneida County) AppID 9638
Allocation: 330 kW
Contract Demand: 330 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $3,000,000
Cumulative Capital Spending: $1,062,356 or 35%
Job Commitment: 45 jobs
Jobs Reported: 56 jobs or 124%

Background: Brodock Press, Inc., provides printing & data storage services. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 150 kW, authorize an adjustment to the job commitment to not less than 20 jobs, and authorize an adjustment to the 5-year CIC to not less than $1,062,356.

Byrne Dairy, Inc. - Syracuse Cold Storage (Syracuse, Onondaga County) AppID 9983
Allocation: 206 kW
Contract Demand: 206 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $2,500,000
Cumulative Capital Spending: $976,906 or 39%
Job Commitment: 27 jobs
Jobs Reported: 54 jobs or 200%

Background: Byrne Dairy, Inc. produces milk and juice products. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 100 kW, authorize an adjustment to the job commitment to not less than 13 jobs, and authorize an adjustment to the 5-year CIC to not less than $976,906.

Cannon Industries, Inc. (Rochester, Monroe County) AppID 9266
Allocation: 256 kW (effective 7-1-2017)
Contract Demand: 256 kW (effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $5,000,000
Cumulative Capital Spending: $3,297,095 or 66%
Job Commitment: 103 jobs (effective 7-1-2017)
Jobs Reported: 107 jobs or 104%

Background: Cannon Industries provides fabrication and powder coating services. The company’s allocation was reduced and its job commitment was adjusted in the previous reporting period due to a job shortfall. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 190 kW, authorize an adjustment to the job commitment to not less than 78 jobs, and authorize an adjustment to the 5-year CIC to not less than $3,297,095.

Data Device Corporation (Bohemia, Suffolk County) AppID 10059
Allocation: 650 kW
Contract Demand: 650 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $15,173,000
Cumulative Capital Spending: $9,728,880 or 64%
Job Commitment: 363 jobs
Jobs Reported: 331 jobs or 91%

Background: Data Device Corporation manufactures data networking products. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 480 kW, authorize an adjustment to the job commitment to not less than 269 jobs, and authorize an adjustment to the 5-year CIC to not less than $9,728,880.

Delorio Foods, Inc. (Utica, Oneida County) AppID 3955
Allocation: 680 kW
Contract Demand: 680 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $32,000,000
**Cumulative Capital Spending:** $12,883,034 or 40%
Job Commitment: 175 jobs
Jobs Reported: 171 jobs or 98%

**Background:** DeIorio Foods, Inc. processes frozen and baked foods. The company anticipated an expansion for the purpose of serving the needs of a significant new customer. However, that business opportunity did not materialize, and therefore the company’s plans to expand were suspended. The company made additional capital investment spending in the period July 2017 through November 2017 in the amount of $844,000, for cumulative capital investment spending of $13,727,034 or 43% of its CIC. The company states it will continue to invest in its facilities. It anticipates spending another $1-2 million in 2018, although it will still fall short of its CIC.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 340 kW, authorize an adjustment to the job commitment to not less than 88 jobs, and authorize a reduction to the 5-year CIC to not less than $13,727,034.

**Dresser-Rand (Painted Post, Steuben County) AppID 5417**
Allocation: 1,376 kW
Contract Demand: 1,376 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $16,400,000
**Cumulative Capital Spending:** $8,057,608 or 49%
Job Commitment: 120 jobs
Jobs Reported: 518 jobs or 432%

**Background:** Dresser-Rand manufactures compressors at this location. The company indicates that it is continually upgrading its facility, which includes replacing lighting and HVAC units with more efficient systems. The company states it will continue to replace these systems throughout the 2018 year. The company made additional capital spending for the period July 2017 through November 2017 in the amount of $529,473 for a cumulative spending of $8,557,081 or 52%.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 810 kW, authorize an adjustment to the job commitment to not less than 71 jobs, and authorize a reduction to the 5-year CIC to not less than $8,557,081.

**GE Aviation Systems, LLC (Bohemia, Suffolk County) AppID 8579**
Allocation: 470 kW
Contract demand: 470 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $10,000,000
**Cumulative Capital Spending:** $5,478,822 or 55%
Job Commitment: 255 jobs
Jobs Reported: 269 jobs or 105%
Background: GE Aviation Systems, LLC manufactures electronic equipment at this location. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 310 kW, authorize an adjustment to the job commitment to not less than 166 jobs, and authorize a reduction in the 5-year CIC to not less than $5,478,822.

Global Tissue Group, Inc. (Medford, Suffolk County) AppID 9708
Allocation: 300 kW
Contract demand: 300 kW
Power Utilization: 93%
5 year Capital Investment Commitment: $20,000,000
Cumulative Capital Spending: $2,680,499 or 13%
Job Commitment: 70 jobs
Jobs Reported: 84 jobs or 120%

Background: Global Tissue Group, Inc. is a manufacturer of paper products. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 70 kW, authorize an adjustment to the job commitment to not less than 16 jobs, and authorize a reduction in the 5-year CIC to not less than $2,680,499.

Greek Mountain Dairy, LLC (Goshen, Orange County) AppID 8202
Allocation: 26 kW (effective 7-1-2017)
Contract Demand: 26 kW (effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $10,000,000
Cumulative Capital Spending: $1,072,864 or 11% (confirmed based on audit)
Job Commitment: 11 jobs (effective 7-1-2017)
Jobs Reported: 11 jobs or 100% (confirmed based on audit)

Background: Greek Mountain Dairy manufactures cheese and dairy products. The company allocation and job commitments was reduced the previous reporting period due to job shortfalls. Greek Mountain was selected for an audit of its employment and capital spending records by NYPA’s third party auditing firm.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 10 kW, authorize an adjustment to the job commitment to not less than 2 jobs, and authorize a reduction in the 5-year CIC to not less than $1,072,864.

HFW Industries, Inc. (Buffalo, Erie County) AppID 4289
Allocation: 150 kW
Contract Demand: 150 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $2,680,600
Cumulative Capital Spending: $1,882,334 or 70%
Job Commitment: 54 jobs
Jobs Reported: 50 jobs or 93%

**Background:** HFW Industries, Inc. manufactures specialty equipment. The company states that it made additional capital investments for the period July-September 2017, totaling to $230,259 and bringing total capital spending as of September 2017 to $2,112,590 or 79% of its commitment.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 120 kW, authorize an adjustment to the job commitment to not less than 43 jobs, and authorize a reduction to the 5-year CIC to not less than $2,112,590.

**Huhtamaki, Inc. (Fulton, Oswego County) AppID 7127**
Allocation: 2,060 kW (effective 7-1-17)
Contract Demand: 2,060 kW (effective 7-1-17)
Power Utilization: 100%
5 year Capital Investment Commitment: $26,403,243
Cumulative Capital Spending: $12,564,937 or 48%
Job Commitment: 489 jobs (effective 7-1-17)
Jobs Reported: 451 jobs or 92%

**Background:** Huhtamaki, Inc. is a paper printing and package conversion operation. The company did not provide any explanation regarding its capital investment shortfall. The company’s allocation and job commitments were reduced during the previous reporting period due to job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,200 kW, authorize an adjustment to the job commitment to not less than 284 jobs, and authorize a reduction to the 5-year CIC to not less than $12,564,937.

**Linita Design & Mfg. Corp. (Lackawanna, Erie County) AppID 3894**
Allocation: 50 kW (Effective 7-1-2017)
Contract Demand: 50 kW (Effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $2,000,000
Cumulative Capital Spending: $557,070 or 28%
Job Commitment: 22 jobs (Effective 7-1-2017)
Jobs Reported: 25 jobs or 114%

**Background:** Linita Design Manufacturing Corporation manufactures and designs steel. The company states there were no available funds to invest in the business due to an outstanding loan. The company’s job commitment was reduced the previous reporting period due to job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 30 kW, authorize an adjustment to the job commitment to not less than 8 jobs, and authorize a reduction to the 5-year CIC to not less than $557,070.
New York Power Authority
Annual Compliance Review - Recharge New York

Oneida Health Systems, Inc. (Oneida, Madison County) AppID 3573
Allocation: 536 kW
Contract Demand: 536 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $45,000,000
Cumulative Capital Spending: $17,092,009 or 38%
Job Commitment: 784 jobs
Jobs Reported: 742 jobs or 95%

**Background:** Oneida Health Systems, Inc. is a health services company. The company indicates that due to a number of problems involving reimbursement charges, unfunded mandates, and volume losses, the company could not meet its CIC. The company is adding a cancer care program and wound care program, which may increase revenues and enable the company to better address capital investment commitments in the future.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 260 kW, authorize an adjustment to the job commitment to not less than 376 jobs, and authorize a reduction in the 5-year CIC to not less than $17,092,009.

Producto Corporation (Jamestown, Chautauqua County) AppID 9560
Allocation: 176 kW
Contract Demand: 176 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $8,500,000
Cumulative Capital Spending: $5,120,640 or 60%
Job Commitment: 90 jobs
Jobs Reported: 87 jobs or 97%

**Background:** Producto Corporation manufactures precision components. The company did not provide any explanation regarding its capital investment shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 130 kW, authorize an adjustment to the job commitment to not less than 63 jobs, and authorize a reduction to the 5-year CIC to not less than $5,120,640.

Queensboro Farm Products, Inc. (Canastota, Madison County) AppID 5278
Allocation: 390 kW
Contract Demand: 390 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $2,750,000
Cumulative Capital Spending: $913,798 or 33%
Job Commitment: 70 jobs
Jobs Reported: 71 jobs or 101%

**Background:** Queensboro Farm Products, Inc. manufactures and processes milk. The loss of its two major manufacturing customers has limited the company’s need for expected investments in new
processing equipment. The company provided additional capital spending for the period July 2017 through December 2017 in the amount of $94,035 for a cumulative spending of $1,007,833 or 37%.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 170 kW, authorize an adjustment to the job commitment to not less than 30 jobs, and authorize a reduction to the 5-year CIC to not less than $1,007,833.

**Stature Electric, Inc. (Watertown, Jefferson County) AppID 5665**
Allocation: 236 kW (Effective 7-1-17)
Contract Demand: 236 kW (Effective 7-1-17)
Power Utilization: 100%
5 year Capital Investment Commitment: $5,000,000
**Cumulative Capital Spending: $2,500,587 or 50%**
Job Commitment: 71 jobs (Effective 7-1-17)
Jobs Reported: 65 jobs or 92%

**Background:** Stature Electric, Inc. manufactures magnet and gear motors. The company did not provide any explanation regarding its capital investment shortfall. The company’s allocation and job commitment were reduced during the previous reporting period due to job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 140 kW, authorize an adjustment to the job commitment to not less than 43 jobs, and authorize a reduction in the 5-year CIC to not less than $2,500,587.

**The Indium Corporation of America (Clinton, Oneida County) AppID 8943**
Allocation: 326 kW
Contract Demand: 326 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $10,000,000
**Cumulative Capital Spending: $5,876,819 or 59% (confirmed based on audit)**
Job Commitment: 189 jobs
Jobs Reported: 231 jobs or 122% (confirmed based on audit)

**Background:** The Indium Corporation of America manufactures electronic assembly materials. The company was selected for an audit of its employment records and capital investment spending records by NYPA’s third party auditing firm. The company was found to be non-compliant in its CIC. The company did not provide any explanation regarding its capital investment shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 220 kW, authorize an adjustment to the job commitment to not less than 130 jobs, and authorize a reduction to the 5 year CIC to not less than $5,876,819.
EXHIBIT 5e i-1e-D (1 customer)
NON-COMPLIANCE WITH CAPITAL INVESTMENT COMMITMENT;
RECOMMENDED FOR (1) REDUCTION IN ALLOCATION/CONTRACT DEMAND, AND (2)
ADJUSTMENT TO CAPITAL INVESTMENT COMMITMENT

Broad Street Industrial Park, Inc. (Utica, Oneida County) AppID 8529
Allocation: 340 kW
Contract Demand: 340 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $225,000
Cumulative Capital Spending: $48,150 or 21%
Job Commitment: 2 jobs
Jobs Reported: 5 jobs or 250%

Background: Broad Street Industrial Park, Inc. provides commercial leasing. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 110 kW, and authorize an adjustment to the 5-year CIC to not less than $48,150.
EXHIBIT 5e i-1e-E (1 customer)
NONCOMPLIANCE WITH JOB COMMITMENTS AND POWER UTILIZATION COMMITMENTS; RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATION/CONTRACT DEMAND, AND (2) ADJUSTMENTS TO JOB COMMITMENT

Barnes and Noble (Westbury, Nassau County) AppID 9482
Allocation: 670 kW
Contract Demand: 670 kW
Power Utilization: 557 kW or 83%
1 year Capital Investment Commitment: $2,500,000
Cumulative Capital Spending: $14,751,000 or 178%
Job Commitment: 227 jobs
Jobs Reported: 195 jobs or 86%

Background: Barnes & Noble is the business center for bookstore retail businesses. This is the fourth year Barnes & Noble did not meet its power utilization commitment. The company made modifications to how it uses its allocation and reallocated its allocation to additional electric accounts in an attempt to better utilize its allocation. However, these measures did not result in increased power utilization. Based on current NYPA data, Barnes and Nobel remains below the compliance threshold for power utilization.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 630 kW, and authorize an adjustment to the job commitment to not less than 195 jobs.
EXHIBIT 5e i-1e-F (1 customer)
NONCOMPLIANCE WITH JOB COMMITMENT AND POWER UTILIZATION COMMITMENT; RECOMMENDED FOR ADJUSTMENT TO JOB COMMITMENT

Weitsman Shredding, LLC (Owego, Tioga County) AppID 46588
Allocation: 3,196 kW
Contract Demand: 1,598 kW
Power Utilization: 1,346 or 84%
5 year Capital Investment Commitment: $1,600,000
Cumulative Capital Spending: $2,479,021 or 155%
Job Commitment: 79 jobs
Jobs Reported: 62 jobs or 78%

Background: Weitsman Shredding, LLC is in the shredding, metal recycling and processing business. The company indicates that it has had difficulty in hiring and retaining some classes of employees, and the skill set needed to run the company’s complex machinery and equipment has been difficult to find. The company returned 1,876 kW of its original allocation of 3,196 kW as of October 2017.

Recommendation: Given the customer’s relinquishment of part of its original allocation, Staff recommends that the Trustees authorize an adjustment to the job commitment to not less than 62 jobs.
EXHIBIT 5e i-1e-G (9 customers)
NONCOMPLIANCE WITH JOB COMMITMENTS AND CAPITAL INVESTMENT COMMITMENTS; RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATIONS/CONTRACT DEMANDS, (2) ADJUSTMENTS TO JOB COMMITMENTS, AND (3) ADJUSTMENTS TO CAPITAL INVESTMENT COMMITMENTS

Angion Biomedica Corp. (Uniondale, Nassau County) AppID 9894
Allocation: 130 kW (effective 7-1-2017)
Contract Demand: 130 kW (effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $1,000,000
Cumulative Capital Spending: $159,654 or 16%, (confirmed based on audit)
Job Commitment: 21 jobs (effective 7-1-2017)
Jobs Reported: 17 jobs or 81% (confirmed based on audit)

Background: Angion Biomedica Corp. is a research and development laboratory. This is the third year Angion reported below the job compliance threshold. The company was selected for an audit of its employment records and capital investment spending records by NYPA’s third party auditing firm. The company was found to be non-compliant in both its employment and capital investment commitments. The company’s allocation and job commitments were reduced the previous reporting period due to job shortfall. The company did not provide any explanation regarding its shortfalls.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 120 kW, authorize an adjustment to the job commitment to not less than 17 jobs, and an adjustment to the 5-year CIC to not less than $159,654.

Arkwin Industries, Inc. (Westbury, Nassau County) AppID 9283
Allocation: 480 kW (effective 7-1-2017)
Contract Demand: 480 kW (effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $10,375,000
Cumulative Capital Spending: $6,728,671 or 65%
Job Commitment: 214 jobs (effective 7-1-2017)
Jobs Reported: 173 jobs or 81%

Background: Arkwin Industries, Inc. (“Arkin”) manufactures aerospace components. This is the fourth year the company reported employment levels below the compliance threshold. The defense portion of Arkwin’s business is significant. The company indicates that due to sequestration and delays with government projects it works on, it has been unable to maintain headcount and make capital investments consistent with its initial estimates. Arkwin states that it is still committed to the area, and will continue to invest as business fundamentals improve.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 440 kW, authorize an adjustment to the job commitment to not less than 173 jobs, and authorize an adjustment to the 5-year CIC to not less than $6,728,671.
Derrick Corporation (Cheektowaga, Erie County) AppID 7530
Allocation:  960 kW (Effective 7-1-2017)
Contract Demand:  960 kW (Effective 7-1-2017)
Power Utilization:  100%
5 year Capital Investment Commitment: $65,000,000
Cumulative Capital Spending: $21,965,000 or 34%
Job Commitment:  412 jobs (Effective 7-1-2017)
Jobs Reported:  364 jobs or 88%

Background: Derrick Corp manufactures separation technology for oil drilling. This is the second year the company fell below the compliance threshold. The company allocation and job commitments were reduced the previous reporting period due to job shortfalls.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 940 kW, authorize an adjustment of the job commitment to not less than 364 jobs, and authorize an adjustment to the 5-year CIC to not less than $21,965,000.

Cascades Tissue Group (Waterford, Saratoga County) AppID 3577
Allocation:  546 kW
Contract Demand:  546 kW
Power Utilization:  100%
5 year Capital Investment Commitment: $13,935,250
Cumulative Capital Spending: $4,587,011 or 33%
Job Commitment:  144 jobs
Jobs Reported:  120 jobs or 83%

Background: Cascades Tissue Group manufactures large industrial towels. Cascades is currently in the process of becoming fully staffed. The company did not provide any explanation regarding its capital investment shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 510 kW, authorize an adjustment to the job commitment to not less than 120 jobs, and authorize an adjustment in the 5-year CIC to not less than $4,587,011.

Geneva General Hospital (Geneva, Ontario County) AppID 5482
Allocation:  496 kW (effective 7-1-2017)
Contract Demand:  496 kW (effective 7-1-2017)
Power Utilization:  100%
5 year Capital Investment Commitment: $78,715,185
Cumulative Capital Spending: $63,356,213 or 80%
Job Commitment:  976 jobs (effective 7-1-2017)
Jobs Reported:  782 jobs or 80% (confirmed based on audit)

Background: This is the fifth year Geneva General Hospital reported employment levels below the compliance threshold. The company’s allocation and job commitment was reduced the previous reporting
period due to job shortfalls. The hospital was selected for an audit of its employment records by NYPA’s third party auditing firm and found to be non-compliant with its job commitment for the reporting year. The hospital employs over 1,900 employees between various other hospitals, nursing homes, surgical centers, and multiple lab/physician centers encompassing several counties. The hospital has stated that the movement of employees between these facilities accounts for its job shortfall. The company provided job counts for the period July 2017 through November 2017 which indicates an average of 834 jobs or 85% of its commitment for this period.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 470 kW, authorize an adjustment of the job commitment to not less than 834 jobs, and authorize an adjustment in the 5-year CIC to not less than $63,356,213.

**GCT New York LP (New York Container Terminal, Inc.) (Staten Island, Richmond County)**

**AppID 5790**

| Allocation: | 220 kW (Effective 7-1-17) |
| Contract Demand: | 220 kW (Effective 7-1-17) |
| Power Utilization: | 100% |
| 5 year Capital Investment Commitment: | $472,465,000 |

**Cumulative Capital Spending:** $43,714,808 or 9% (confirmed based on audit)

**Job Commitment:** 304 jobs (Effective 7-1-17)

**Jobs Reported:** 259 jobs or 85% (confirmed based on audit)

**Background:** New York Container Terminal is a shipping terminal. The company’s jobs have been on the steady decline for the past four years. The company was selected for an audit of its employment records and capital investment spending records by NYPA’s third party auditing firm, and was found to be non-compliant with these commitments. The job commitment was reduced the previous reporting period due to job shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 210 kW, authorize an adjustment of the job commitment to not less than 259 jobs, and authorize an adjustment in the 5-year CIC to not less than $43,714,808.

**Magellan Aerospace Processing (West Babylon, Suffolk)**

**AppID 9024**

| Allocation: | 350 kW |
| Contract Demand: | 350 kW |
| Power Utilization: | 100% |
| 5 year Capital Investment Commitment: | $7,000,000 |

**Cumulative Capital Spending:** $4,558,556 or 65%

**Job Commitment:** 164 jobs

**Jobs Reported:** 136 jobs or 83%

**Background:** Magellan Aerospace Processing is a manufacturer of aerospace systems and components. Magellan overestimated its potential growth. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $674,524 for a cumulative spending of $5,233,080 or 75% of its commitment. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth.
**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 330 kW, authorize an adjustment of the job commitment to not less than 136 jobs, and authorize an adjustment in the 5-year CIC to not less than $5,233,080.

**Owl Wire and Cable LLC (Canastota, Madison County) AppID 7871**
Allocation: 1,616 kW  
Contract Demand: 1,616 kW  
Power Utilization: 100% of commitment  
5 year Capital Investment Commitment: $5,000,000  
**Cumulative Capital Spending: $2,973,286 or 59%**  
Job Commitment: 102 jobs  
Jobs Reported: 90 jobs or 88%

**Background:** Owl Wire and Cable LLC manufactures wire forms. The company stated that it did not meet its capital spending commitments because it decided to shift some of its available investment funding to its Rome, NY facility. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $343,596 for a cumulative spending of $3,316,882 or 66% of its commitment.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,590 kW, authorize an adjustment of the job commitment to not less than 90 jobs, and authorize an adjustment in the 5-year CIC to not less than $3,316,882.

**SCA Tissue North America LLC (South Glens Falls, Saratoga County) AppID 3900**
Allocation: 5,350 kW (Effective 7-1-17)  
Contract Demand: 5,350 kW (Effective 7-1-17)  
Power Utilization: 100%  
5 year Capital Investment Commitment: $43,968,814  
**Cumulative Capital Spending: $23,054,589 or 52% (confirmed based on audit)**  
Job Commitment: 236 jobs (Effective 7-1-17)  
Jobs Reported: 185 jobs or 78% (confirmed based on audit)

**Background:** SCA Tissue North America LLC manufactures tissue products. The company was selected for an audit of its employment records and capital investment spending records by NYPA’s third party auditing firm, and was found to be non-compliant both in its CIC and job commitment. This is the fourth year the company did not meet its job commitment. The company job commitment was reduced the previous reporting period due to job shortfall. The company did not provide any explanation regarding its commitment shortfalls.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,710 kW, authorize an adjustment of the job commitment to not less than 185 jobs, and authorize a reduction in the 5-year CIC to not less $23,054,589.
EXHIBIT 5e i-1e-H (1 customer)
NONCOMPLIANCE WITH CAPITAL INVESTMENT COMMITMENT AND POWER UTILIZATION COMMITMENT; RECOMMENDED FOR (1) REDUCTION IN ALLOCATION/CONTRACT DEMAND, AND (2) ADJUSTMENT TO JOB COMMITMENT AND (3) ADJUSTMENT TO CAPITAL INVESTMENT COMMITMENT

Sysco Syracuse, LLC (Warners, Onondaga County) AppID 6270
Allocation: 700 kW
Contract Demand: 700 kW
**Power Utilization:** 558 kW, or 80%
5 year Capital Investment Commitment: $42,000,000
**Cumulative Capital Spending:** $7,585,065, or 18%
Job Commitment: 450 jobs
Jobs Reported: 508 jobs or 113%

**Background:** Sysco Syracuse, LLC is a food service distributor. The company has indicated that it overestimated its ability to meet its CIC.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 630 kW, authorize an adjustment of the job commitment to not less than 405 jobs, and authorize an adjustment in the 5-year CIC to not less than $7,585,065.
EXHIBIT 5e i-1e-I (52 customers)
NONCOMPLIANCE WITH SUPPLEMENTAL COMMITMENTS; RECOMMENDED FOR NO COMPLIANCE ACTION AT THIS TIME

1. Job Commitments (18 customers)

Air Products and Chemicals, Inc. (Glenmont, Albany County) AppID 4184
Allocation: 6,000 kW
Contract Demand: 6,000 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $2,050,000
Cumulative Capital Spending: $4,567,723 or 223%
Job Commitment: 56 jobs
Jobs Reported: 43 jobs, or 77%

Background: Air Products and Chemicals, Inc. manufactures industrial gases. Many jobs at this facility were relocated to other facilities due to construction work associated with a plant at the Glenmont site that is currently under construction. The new plant grows out of a joint venture that also involves Linde LLC (discussed below). The new joint venture company, “East Coast Nitrogen,” has applied for an RNY allocation. The existing facility in Glenmont will close in mid-2019 when the new joint venture facility begins operation. Staff expects that the current allocation for the Glenmont facility will be modified or terminated when the new joint venture facility begins operations.

Recommendation: Staff recommends no formal compliance action at this time.

Air Products and Chemicals, Inc. (Medina, Orleans County) AppID 10270
Allocation: 190 kW
Contract Demand: 190 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $500,000
Cumulative Capital Spending: $422,933 or 85%
Job Commitment: 7 jobs (effective 7-1-2017)
Jobs Reported: 6 jobs or 86%

Background: Air Products and Chemicals, Inc. manufactures purified liquid carbon dioxide. This is the fourth year that the company reported employment levels below the compliance threshold. However, given the amount of the allocation and the degree of the jobs shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.
Ascension Industries, Inc. (North Tonawanda, Niagara County) AppID 3661
Allocation: 76 kW
Contract Demand: 76 kW
Power Utilization: 99%
5 year Capital Investment Commitment: $3,400,000
Cumulative Capital Spending: $3,195,068 or 94%
Job Commitment: 125 jobs
Jobs Reported: 107 jobs or 86%

Background: Ascension Industries, Inc. manufactures filtration equipment. Ascension had a challenging year economically. As a result, it had to reduce staff and experienced unusually high turnover. However, given the amount of the customer’s allocation and the degree of jobs shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction of the contract demand and allocation. The company has been actively recruiting for several positions including electrical engineers, mechanical engineers, designers and assemblers, and it recently provided job counts for the period July 2017 through Nov 2017, which indicate an average job level of 131 jobs, or 105% of its commitment level.

Recommendation: Staff recommends no formal compliance action at this time.

Celmet Electronics Company, Inc. (Rochester, Monroe County) AppID 9939
Allocation: 96 kW
Contract Demand: 96 kW
Power Utilization: 100%
Power Utilization: 100%
5 year Capital Investment Commitment: $1,500,000
Cumulative Capital Spending: $3,108,369 or 207%
Job Commitment: 52 jobs
Jobs Reported: 42 jobs or 81%

Background: Celmet Electronics Company, Inc. produces electronic products. The company stated that its job shortfall was the result of business opportunities that did not come to fruition. Given the amount of the allocation and the degree of job shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.

Computer Task Group, Inc. (Buffalo, Erie County) AppID 8992
Allocation: 120 kW
Contract Demand: 120 kW
Power Utilization: 100%
Power Utilization: 100%
5 year Capital Investment Commitment: $500,000
Cumulative Capital Spending: $2,297,556 or 460%
Job Commitment: 126 jobs
Jobs Reported: 106 jobs or 84%
**Background:** Computer Task Group, Inc. provides information technology services. The company indicates that a significant decline in business resulted in its job shortfall, and many jobs supporting its business unit were relocated to other facilities. However, given the amount of the allocation and the degree of shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Contract Pharmacal Corp. (Hauppauge, Suffolk County) AppID 32407**

- Allocation: 306 kW
- Contract Demand: 306 kW
- Power Utilization: 100%
- Power Utilization: 100%
- 5 year Capital Investment Commitment: $4,000,000
- Cumulative Capital Spending: $2,705,000 or 67%
- Job Commitment: 500 jobs
- Jobs Reported: 443 jobs or 89%

**Background:** Contract Pharmacal Corp. is a manufacturer of contract pharmaceuticals. This is the second time the company has not met its job commitment. However, action was deferred in the previous reporting period. The company has reported that its job shortfall is due to organizational restructuring. It has expanded operations into new buildings, and in the process relocated existing employees to improve efficiencies and promote further growth. Given the amount of the allocation and degree of the job shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Dayton T. Brown, Inc. (Bohemia, Suffolk County) AppID 9603**

- Allocation: 100 kW
- Contract Demand: 100 kW
- Power Utilization: 100%
- 5 year Capital Investment Commitment: $7,350,000
- Cumulative Capital Spending: $4,733,319 or 64%
- Job Commitment: 180 jobs (effective 7-1-2017)
- Jobs Reported: 147 jobs or 82%

**Background:** Dayton T. Brown provides engineering and testing services for the industrial, commercial and military industries. This is the fifth year that the company reported employment levels below the compliance threshold. The company’s job commitment was reduced the previous reporting period due to job shortfall. The company provided job counts for the period July 2017 through November 2017 which indicated no additional job growth. However, given the amount of the allocation and the degree of job shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.
D-K Manufacturing Corp. (Hauppauge, Suffolk County) AppID 9860
Allocation: 36 kW
Contract Demand: 36 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $752,500
Cumulative Capital Spending: $430,867 or 57%
Job Commitment: 22 jobs
**Jobs Reported:** 18 jobs or 82%

**Background:** D-K Manufacturing Corp. is a precision machine shop and metal stamping facility. The company provided job counts for the period July 2017 through November 2017 which indicated no additional job growth. Given the amount of the allocation and the degree of job shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

Glens Falls Hospital (Glens Falls, Warren County) AppID 50805
Allocation: 580 kW
Contract Demand: 580 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $6,000,000
Cumulative Capital Spending: $8,800,000 or 147%
Job Commitment: 2,344 jobs
**Jobs Reported:** 2,030 jobs or 87%

**Background:** Glens Falls Hospital is an acute healthcare hospital. The company did not provide any explanation regarding its job shortfall during the reporting period. However, the company provided job counts for the period July 2017 through November 2017 which indicate an average job level of 2,117 jobs, or 90% of its job commitment for this time period. Staff will continue to monitor job counts and will reassess compliance during the next compliance period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

Granny’s Kitchen, Ltd. (Frankfort, Herkimer County) AppID 9590
Allocation: 1,006 kW
Contract Demand: 1,006 kW
Power Utilization: 100% of commitment
5 year Capital Investment Commitment: $15,000,000
Cumulative Capital Spending: $15,762,910 or 105%
Job Commitment: 258 jobs
**Jobs Reported:** 229 jobs or 89%

**Background:** Granny’s Kitchen, Ltd. manufactures donuts. The company states employment reductions from Nov 2016 through Feb 2017 were due to a production line shut down to facilitate capital
improvements. The company provided job counts for the period July 2017 through November 2017 which indicate an average job level of 242 jobs or 94% of its commitment. Staff will continue to monitor job counts and will reassess compliance during the next compliance period.

Recommendation: Staff recommends that the Trustees take no action at this time.

**Highstreet IT Solutions, LLC (Islandia, Suffolk County) AppID 38161**
Allocation: 170 kW  
Contract Demand: 170 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $1,000,000  
Cumulative Capital Spending: $2,550,313 or 255%  
Job Commitment: 80 jobs  
Jobs Reported: 69 jobs or 86%  

**Background:** Highstreet IT Solutions, LLC is a provider of cloud services and IT infrastructure management. The company indicates that it has had difficulty hiring and retaining trained professionals due to the nature of the job market in this sector. Given the amount of the allocation and the degree of employment shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.

**Indium Corporation of America (Utica, Oneida County) AppID 8946**
Allocation: 120 kW  
Contract Demand: 120 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $1,000,000  
Cumulative Capital Spending: $1,860,745 or 186%  
Job Commitment: 40 jobs  
Jobs Reported: 30 jobs or 75%  

**Background:** The Indium Corporation of America manufactures electronic assembly materials. Indium has two other allocations associated with facilities that have met or exceeded job commitments. Employees are periodically transferred between other facilities based on business needs. The company has requested another contract modification that would allow employment from other facilities within close proximity to be counted toward the total employment commitments. Staff expects to request Trustee approval of revised contract terms in the near future to accommodate this request.

Recommendation: Staff recommends that the Trustees take no action at this time.

**The Indium Corporation of America (Rome, Oneida County) AppID 8944**
Allocation: 150 kW  
Contract Demand: 150 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $10,000,000
Cumulative Capital Spending: $5,892,864 or 59%
Job Commitment: 24 jobs
Jobs Reported: 10 jobs or 42%

Background: See previous background description.

Recommendation: Staff recommends that the Trustees take no action at this time.

Kedrion Biopharma, Inc. (Melville, Suffolk County) AppID 17833
Allocation: 730 kW
Contract Demand: 730 kW
Power Utilization: 92%
5 year Capital Investment Commitment: $15,000,000
Cumulative Capital Spending: $63,059,965 or 430%
Job Commitment: 150 jobs
Jobs Reported: 119 jobs or 79%

Background: Kedrion Biopharma, Inc. (“KBI”) produces biopharmaceuticals. This is the first time the company did not meet its job commitment. The company has been implementing upgrade projects during the reporting period. KBI has stated that its workforce which was at this facility was reduced due to these projects. Staff has no reason to believe at this time that the company will be unable to meet its job commitments once the company normalizes operations, and the company expects to be back at full capacity by mid-2019. Staff will continue to monitor job counts and will reassess compliance during the next compliance period.

Recommendation: Staff recommends that the Trustees take no action at this time.

Northland Filter International, LLC (Oswego, Oswego County) AppID 27308
Allocation: 40 kW
Contract Demand: 40 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $200,000
Cumulative Capital Spending: $375,420 or 188%
Job Commitment: 29 jobs
Jobs Reported: 24 jobs or 83%

Background: Northland Filter International, LLC manufactures and designs air filters and filtration equipment. The company is in the process of streamlining its manufacturing production which it hopes will result in more business and the capacity to hire additional employees. Given the amount of the allocation and the degree of employment shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.

Pall Corporation (Cortland, Cortland County) AppID 11464
Allocation: 1,770 kW
Background: Pall Corporation provides water filtration systems. This is the first time the company did not meet its job commitment. The company was selected for an audit of its employment records by NYPA’s third party auditing firm and was found to be non-compliant for jobs this reporting year. In addition, Pall Corporation was acquired May 2015. The company stated the decrease in the demand for its product resulted in a temporary reduction in its workforce. The company recently provided job counts for the period July 2017 through November 2017 which indicate an average job level of 581 jobs or 93% of its commitment.

Recommendation: Staff recommends that the Trustees take no action at this time.

Samaritan-Keep Nursing Home, Inc. (Watertown, Jefferson County) AppID 9076
Allocation: 210 kW
Contract Demand: 210 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $2,500,000
Cumulative Capital Spending: $2,417,411 or 97%
Job Commitment: 362 jobs
Jobs Reported: 321 jobs or 89%

Background: Samaritan Keep Nursing Home (“SKNH”) provides healthcare services. The company stated that it had to reduce staff because medical supplemental insurance reimbursement rates were insufficient to cover the cost of its operations. In December 2016, SKH received a NYS Department of Health Vital Access Provider grant which may provide funding that could be used to create a plan that could address staffing needs. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth. However, given the amount of the allocation and the degree of the company’s job shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.

Webair Internet Development Company, Inc. (Garden City, Nassau County) AppID 35110
Allocation: 266 kW
Contract Demand: 266 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $15,000,000
Cumulative Capital Spending: $2,969,336 or 20%
Job Commitment: 40 jobs
Jobs Reported: 30 jobs or 75% (confirmed based on audit)
Background: Webair Internet Development Company, Inc. is a cloud computing and data center. The company was selected for an audit of its employment records by NYPA’s third party auditing firm and found to be non-compliant in jobs and capital investment for the reporting year. The company recently indicated a portion of its employment population was omitted from the initial job audit. Staff will request another job audit and reassess compliance during the next reporting period.

Recommendation: Staff recommends that the Trustees take no action at this time.

2. Power Utilization Commitments (6 Customers)

Air Industries Machine Corp. (Bayshore, Suffolk County) AppID 9293
Allocation: 650 kW
Contract Demand: 650 kW
Power Utilization: 531 kW or 82%
5 year Capital Investment Commitment: $17,000,000
Cumulative Capital Spending: $16,572,460 or 97%
Job Commitment: 265 jobs
Jobs Reported: 342 jobs or 129%

Background: Air Industries Machine Corp. manufactures mechanical aerospace components. This is the first time the company did not meet its power utilization commitment. Based on data provided for July 2017 through December 2017, the company remains below the compliance threshold for power utilization. However, as of February 2018, the company was redistributing its allocations among other accounts in an attempt to better utilize its allocation. Staff will monitor the customer’s power usage and reassess compliance during the next reporting period action.

Recommendation: Staff recommends that the Trustees take no action at this time.

Empire Merchants, LLC (Astoria, Queens County) AppID 3957
Allocation: 220 kW
Contract Demand: 220 kW
Power Utilization: 97 kW or 88%
5 year Capital Investment Commitment: $395,000
Cumulative Capital Spending: $1,410,084 or 357%
Job Commitment: 590 jobs
Jobs Reported: 668 jobs or 113%

Background: Empire Merchants, LLC is a wine and spirits distributor. The company did not provide any explanation regarding its underutilization of its power allocation. However, given the amount of the allocation and degree of shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction, and recent data indicates that the customer is utilizing its full allocation.

Recommendation: Staff recommends that the Trustees take no action at this time.
Metallized Carbon Corporation (Ossining, Westchester County) AppID 27460
Allocation: 260 kW
Contract Demand: 260 kW
Power Utilization: 218 kW or 84%
Capital Investment Commitment: Not Required per Contract
Job Commitment: 118 jobs
Jobs Reported: 113 jobs, or 96%

Background: Metallized Carbon Corporation is a manufacturer and producer of mechanical components. The company stated that due to the unusually cool weather in June 2017, its power usage for the month was reduced well below its historical June average. In addition, during the reporting period, the company experienced much higher than normal downtime with two of its four ovens out of operation during the part of the winter and all of the spring. Because one of the company’s highest electricity usage equipment classes is the ovens, the downtime had a meaningful impact on usage from February 2017 through June 2017. Since then, the ovens have been repaired and are operating as of July 2017, and recent data indicates that the company is utilizing its full allocation.

Recommendation: Staff recommends that the Trustees take no action at this time.

Morgan Stanley & Co. LLC (New York, New York County) AppID 26223
Allocation: 520 kW
Contract Demand: 520 kW
Power Utilization: 446 or 86%
5 year Capital Investment Commitment: $2,500,000
Cumulative Capital Spending: $17,853,159 or 714%
Job Commitment: 1,042 jobs
Jobs Reported: 1,155 jobs or 111%

Background: Morgan Stanley & Co. is a global financial services firm. The company reported that the decrease in power utilization is due to energy efficiency upgrades. Staff recently obtained current power utilization data for the first quarter of 2018 which indicates an upward trend in utilization for this time period. Staff will continue to monitor the company’s power utilization and reassess compliance during the next reporting period.

Recommendation: Staff recommends that the Trustees take no action at this time.

S. Howes, Inc. (Silver Creek, Chautauqua County) AppID 10387
Allocation: 20 kW
Contract Demand: 20 kW
Power Utilization: 14 or 70%
5 year Capital Investment Commitment: $350,000
Cumulative Capital Spending: $1,430,137 or 409%
Job Commitment: 13 jobs
Jobs Reported: 21 jobs or 162%

Background: S. Howes, Inc. designs and manufactures equipment for the processing industries. The company did not provide any explanation regarding its power utilization shortfall. Current data provided
by the customer indicates no additional kW growth. However, given the amount of the allocation and the degree of the shortfall, the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Thomas Electronics, Inc. (Clyde, Wayne County) AppID 49701**

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>296 kW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>296 kW</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td><strong>254 or 86%</strong></td>
</tr>
<tr>
<td>5 year Capital Investment Commitment:</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Cumulative Capital Spending:</td>
<td>$869,067 or 58%</td>
</tr>
<tr>
<td>Job Commitment:</td>
<td>130 jobs</td>
</tr>
<tr>
<td>Jobs Reported:</td>
<td>119 jobs or 92%</td>
</tr>
</tbody>
</table>

**Background:** Thomas Electronics, Inc. is a manufacturer of electronic displays. The company recently made account modifications and reallocated its RNY allocation to additional electric meter accounts to better utilize its allocation. Staff will monitor this customer’s power usage closely to determine if the changes bring the customer into compliance and reassess compliance during the next compliance period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

### 3) Capital Investment Commitments (24 Customers)

**Aeroflex International Inc. (Plainview, Nassau County) AppID 10071**

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>600 kW (effective 7-1-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>600 kW (effective 7-1-2017)</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>5 year Capital Investment Commitment:</td>
<td>$20,000,000</td>
</tr>
<tr>
<td><strong>Cumulative Capital Spending:</strong></td>
<td><strong>$16,645,536 or 83%</strong></td>
</tr>
<tr>
<td>Job Commitment:</td>
<td>257 jobs (effective 7-1-2017)</td>
</tr>
<tr>
<td>Jobs Reported:</td>
<td>234 jobs or 91%</td>
</tr>
</tbody>
</table>

**Background:** This company manufactures electronics. During the reporting period, the company undertook a reevaluation and assessment of business strategy across the entire organization. Last year, funds were held back to establish a reserve. The company made additional capital spending for the period July 2017 through November 2017 in the amount of $1,717,652 for a cumulative spending of $18,363,188 or 92%, suggesting that the company is able to comply with its CIC. Staff will continue to monitor its capital spending and reassess compliance during the next compliance period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Air Techniques, Inc. (Melville, Suffolk County) AppID 9947**

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>330 kW (effective 7-1-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>330 kW (effective 7-1-2017)</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
5 year Capital Investment Commitment: $6,239,000  
**Cumulative Capital Spending: $4,888,214 or 78%**  
Job Commitment: 212 jobs (effective 7-1-2017)  
Jobs Reported: 196 jobs or 92%  

**Background:** Air Techniques, Inc. manufactures dental and medical products. The company has indicated that its capital investments will increase in 2018 and that it expects to meet the CIC as of this year. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

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**AMF Bowling Inc. (Lowville, Lewis County) AppID 7419**

Allocation: 470 kW  
Contract Demand: 470 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $2,000,000  
**Cumulative Capital Spending: $1,598,539 or 80%**  
Job Commitment: 94 jobs  
Jobs Reported: 91 jobs or 97%  

**Background:** AMF Bowling Inc. manufactures bowling pins. Although the customer did not meet its capital investment commitment for the reporting period, capital investment spending during the reporting period may not give an accurate portrayal of the company’s ability to meet the CIC. Information provided after the close of the reporting period indicates that the company’s capital investments levels are trending upward. For example, the company had two capital improvement projects in progress during the reporting period that were not completed until after the conclusion of the reporting period. When these projects are considered, the customer’s cumulative capital spending amounts to $1,727,507 or 86% of its commitment. Staff intends to review the company’s capital investment levels over the course of the next several months and reassess compliance.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

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**Blasch Precision Ceramics (Albany, Albany County) AppID 9667**

Allocation: 246 kW (Effective 7-1-2017)  
Contract Demand: 246 kW (Effective 7-1-2017)  
Power Utilization: 100%  
5 year Capital Investment Commitment: $5,000,000  
**Cumulative Capital Spending: $4,367,181 or 87%**  
Job Commitment: 105 jobs (Effective 7-1-2017)  
Jobs Reported: 100 jobs or 95%  

**Background:** Blasch Precision Ceramics manufactures ceramic products. The company’s allocation was reduced and its job commitment was adjusted in the previous reporting period due to a job shortfall.
The company did not provide any explanation regarding its capital investment shortfall this reporting period. However, because the shortfall is relatively minor, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends no formal compliance action at this time.

**Brooks Memorial Hospital (Dunkirk, Chautauqua County) AppID 10047**

Allocation: 226 kW  
Contract Demand: 226 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $15,000,000  
**Cumulative Capital Spending:** $5,330,398 or 36%  
Job Commitment: 2 jobs  
Jobs Reported: 340 jobs or 1,700%

**Background:** Brooks Memorial Hospital is a medical facility. Given the disparities between reported employment and capital investment levels and the corresponding contract commitments, staff is in the process of attempting to address this matter outside of the formal compliance process.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Cambridge Valley Machining, Inc. (Cambridge, Washington County) AppID 9496**

Allocation: 160 kW (effective 7-1-2017)  
Contract Demand: 160 kW (effective 7-1-2017)  
Power Utilization: 100%  
5 year Capital Investment Commitment: $8,140,000  
**Cumulative Capital Spending:** $7,022,867 or 86%  
Job Commitment: 83 jobs (effective 7-1-2017)  
Jobs Reported: 101 jobs or 101%

**Background:** Cambridge Valley Machining, Inc. manufactures machine components. The company planned to add a building to its facility as part of its capital spending plan, but due to unforeseen circumstances, the project has been delayed, causing the company to fall short of its CIC. The company expects to move forward with the project in the 2018-19 time frame. The shortfall is relatively minor. Given this and the amount of the allocation, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends no formal compliance action at this time.

**Castella Imports, Inc. (Hauppauge, Nassau County) AppID 6197**

Allocation: 136 kW  
Contract Demand: 136 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $7,500,000  
**Cumulative Capital Spending:** $5,377,285 or 72%  
Job Commitment: 130 jobs  
Jobs Reported: 243 jobs or 187%
Background: Castella Imports, Inc. provides warehousing and storage for imported food products. As part of that process, Castella planned on expanding its operations by acquiring a new building. It has made multiple attempts to do so, but the company has been consistently out-bid by other companies in a regionally-scarce real estate market. It has now committed to leasing a facility in Edgewood, NY. The company anticipates that it will move into the new space in 2018. The company provided additional capital spending for November 2017 in the amount of $1,419,000 for a cumulative spend of $6,796,397 or 91% of its commitment. In addition, the company indicates that it currently plans on spending $700,000 during the first quarter 2018 to build-out the leased facility and purchase equipment. Staff will continue to monitor the company’s capital spending over the course of the next reporting period and reassess compliance during the next reporting period.

Recommendation: Staff recommends that the Trustees take no action at this time.

Citigroup Global Markets, Inc. (388 Greenwich St., New York, New York County) AppID 10216
Allocation: 2,420 kW
Contract Demand: 2,420 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $247,400,000
Cumulative Capital Spending: $192,892,413 or 78%
Job Commitment: 4,807 jobs
Jobs Reported: 5,803 jobs or 121% (based on audit data provided)

Background: Citigroup Global Markets, Inc. (“CGM”) provides banking services. The company was selected for an audit of its employment records by NYPA’s third party auditing firm for the company’s 388 Greenwich St. location. The company was found to be non-compliant with its CIC for this location. Staff is in the process of reviewing this customer’s overall supplemental commitments for certain facilities that receive RNY Power, and expects to engage with the customer to discuss these matters as well as the appropriateness of contract modifications to address such issues.

Recommendation: Staff recommends that the Trustees take no action at this time.

Citigroup Global Markets, Inc. (390 Greenwich St., New York, New York County) AppID 102746
Allocation: 5,726 kW
Contract Demand: 5,726 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $231,000,000
Cumulative Capital Spending: $183,023,414 or 79%
Job Commitment: 3,172 jobs
Jobs Reported: 3,049 jobs or 96%

Background: CGM provides banking services. Staff is in the process of reviewing this customer’s overall supplemental commitments for certain facilities that receive RNY Power, and expects to engage with the customer to discuss these matters as well as the appropriateness of contract modifications to address such issues.

Recommendation: Staff recommends that the Trustees take no action at this time.
Citigroup NA - (Long Island City, Queens County) AppID 5919
Allocation: 3,340 kW
Contract Demand: 3,340 kW
Power Utilization: 100% of commitment
5 year Capital Investment Commitment: $191,000,000
Cumulative Capital Spending: $21,656,267 or 11% (confirmed based on audit)
Job Commitment: 4,541 jobs
Jobs Reported: 4,729 jobs or 104% (based on audit data provided)

Background: Citigroup NA provides banking services. Staff is in the process of reviewing this customer’s overall supplemental commitments for certain facilities that receive RNY Power, and expects to engage with the customer to discuss these matters as well as the appropriateness of contract modifications to address such issues.

Recommendation: Staff recommends that the Trustees take no action at this time.

Cold Spring Harbor Laboratory (Cold Spring Harbor, Nassau County) AppID 7057
Allocation: 1,200 kW
Contract Demand: 1,200 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $63,000,000
Cumulative Capital Spending: $42,088,425 or 67%
Job Commitment: 985 jobs
Jobs Reported: 1,003 jobs or 102%

Background: Cold Spring Harbor Laboratory is a research facility. The company reported that its capital investment shortfall can be attributed primarily to construction permitting delays. The company planned a $25,000,000 renovation of its Demerec Laboratory in 2015-2016. The company reported that the complex nature of the project and required approvals from state and local authorities caused a delay in the start of the project. Construction of this project has recently begun, and the company anticipates spending approximately $22 million on the project this year. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

Recommendation: Staff recommends no formal compliance action at this time.

Divine Brothers Company, Inc. Company (Utica, Oneida County) AppID 5777
Allocation: 110 kW
Contract demand: 110 kW
Power Utilization: 100% of commitment
5 year Capital Investment Commitment: $1,250,000
Cumulative Capital Spending: $1,022,563 or 82%
Job Commitment: 59 jobs
Jobs Reported: 57 jobs or 97%
Background: Divine Brothers Company, Inc. manufactures finishing products. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $55,098 for a cumulative spending of $1,077,661 or 86%. Given the amount of the allocation and degree of shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.

Flagpoles, Inc. / P&K Tubular (East Setauket, Suffolk County) AppID 11414
Allocation: 100 kW (effective 7-1-2017)
Contract demand: 100 kW (effective 7-1-2017)
Power Utilization: 100%
5 year Capital Investment Commitment: $2,200,000
Cumulative Capital Spending: $1,593,439 or 72%
Job Commitment: 80 jobs (effective 7-1-2017)
Jobs Reported: 79 jobs or 99%

Background: Flagpoles, Inc. manufactures poles for tented structures and flags. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $182,980 for a cumulative spending of $1,776,419 or 81%, indicating that its capital investment spending is trending upward. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

Recommendation: Staff recommends no formal compliance action at this time.

Ginsberg's Institutional Foods, Inc. (Hudson, Columbia County) AppID 3966
Allocation: 276 kW
Contract Demand: 276 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $20,000,000
Cumulative Capital Spending: $3,419,310 or 17%
Job Commitment: 225 jobs
Jobs Reported: 268 jobs or 119%

Background: Ginsberg's Institutional Foods is a food producer. Upon review of this customer’s application, staff discovered an error regarding Ginsberg’s CIC. The $20 million CIC was incorrectly associated with the company’s expansion and retention awards. Staff expects to address this matter with the customer through a contract amendment.

Recommendation: Staff recommends that the Trustees take no action at this time.

Guardian Industries Corp. (Geneva, Ontario County) AppID 10314
Allocation: 4,150 kW
Contract Demand: 4,150 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $60,000,000
Cumulative Capital Spending: $20,708,830 or 35%
Job Commitment: 295 jobs  
Jobs Reported: 306 jobs or 104%

**Background:** Guardian Industries Corp. manufactures high performance glass for architectural, residential, interior, transportation and technical glass applications. The company indicated that a major furnace rebuild was forecasted to occur in 2016, but due to unforeseen circumstances, the company had to route capital investment funds to its other facilities and defer investments at this location. Major repairs are scheduled to start later this year, and the company expects to spend over $60 million at this facility this year. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Linde LLC (Feura Bush, Albany County) AppID 6332**
Allocation: 6,750 kW  
Contract Demand: 6,750 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $10,000,000  
Cumulative Capital Spending: $936,000 or 9%  
Job Commitment: 28 jobs  
Jobs Reported: 28 jobs or 100% (confirmed based on audit)

**Background:** Linde LLC produces atmospheric gases. The current facility is being replaced by a new plant apparently growing out of a joint venture with Air Products and Chemicals (discussed above) which has facilities in Glenmont. Due to this development, no substantial investment has been made at the current facility which the parties are planning to shut down in mid-2019. Staff expects that the current allocation for the Feura Bush facility will be modified or terminated when the new joint venture facility begins operations.

**Mount Saint Mary's Hospital of Niagara Falls (Lewiston, Niagara) AppID 5421**
Allocation: 330 kW  
Contract Demand: 330 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $44,826,000  
Cumulative Capital Spending: $13,469,616 or 30%  
Job Commitment: 725 jobs  
Jobs Reported: 756 jobs or 104%

**Background:** Mount Saint Mary's Hospital of Niagara Falls provides healthcare and medical services. The company reported that it has had restricted capital budgets over the last five years. The company provided additional capital spending for the period July 2017 through December 2017 in the amount of $5,919,500 for a cumulative spending of $19,389,116 or 43%. Mount Saint Mary’s expects to reach its CIC requirement in the near future. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.
Navilyst Medical, Inc. (Glens Falls, Warren County) AppID 3758
Allocation: 690 kW
Contract demand: 690 kW
Power Utilization: 100% of commitment
5 year Capital Investment Commitment: $7,500,000
Cumulative Capital Spending: $6,645,100 or 89%
Job Commitment: 595 jobs
Jobs Reported: 542 jobs or 91%

Background: Navilyst Medical, Inc. manufactures medical devices. The company did not provide any explanation regarding its capital spending shortfall. However, given the amount of the allocation and degree of shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

Recommendation: Staff recommends that the Trustees take no action at this time.

Revere Copper Products, Inc. (Rome, Oneida County) AppID 3653
Allocation: 6,600 kW
Contract Demand: 6,600 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $42,150,000
Cumulative Capital Spending: $33,741,250 or 80%
Job Commitment: 348 jobs
Jobs Reported: 324 jobs or 93%

Background: Revere Copper Products, Inc. manufactures copper and brass products. The company provided additional capital spending for the period of July 2017 through November 2017 in the amount of $2,920,130 for a cumulative spend of $36,661,380 or 87%. The company expects to be able to meet its CIC in the near future. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

Recommendation: Staff recommends that the Trustees take no action at this time.

Saint-Gobain Adfors (Albion, Orleans County) AppID 3620
Allocation: 500 kW
Contract Demand: 500 kW
Power Utilization: 100%
5 year Capital Investment Commitment: $10,000,000
Cumulative Capital Spending: $7,537,786 75%
Job Commitment: 190 jobs
Jobs Reported: 208 jobs or 109%

Background: Saint-Gobain Adfors manufactures reinforcement fabrics. The company stated that capital investments for this location were delayed as the corporation shifted priorities to other facilities. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $1,100,000 for a cumulative spend of $8,637,786 or 86%. The company expects to meet its
capital spending commitment by December 2018. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Southside Hospital (Bay Shore, Suffolk County) AppID 5466**
Allocation: 330 kW  
Contract Demand: 330 kW  
Power Utilization: 100%  
Cumulative Capital Spending: $164,791,858 or 49%  
Job Commitment: 1,887 jobs  
Jobs Reported: 2,634 jobs or 140%  

**Background:** Southside Hospital is a healthcare facility. Southside Hospital is one of six Northwell hospitals that receive Recharge NY power and all six are owned and controlled financially by Northwell Health. Collectively, these six hospitals have exceeded capital expenditures across the other five locations. Plans and capital expenditure decisions at one Northwell hospital are impacted by the overall Northwell Health plans at other hospitals within the health system. Staff intends to assess the company’s capital spending commitments and may propose changes to the company’s contracts to address its approach to capital spending.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**Special Metals Corporation (New Hartford, Oneida County) AppID 9717**
Allocation: 4,900 kW  
Contract Demand: 4,900 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $43,159,000  
Cumulative Capital Spending: $28,403,670 or 66%  
Job Commitment: 360 jobs  
Jobs Reported: 334 jobs or 93%  

**Background:** Special Metals Corporation produces super alloys. Special Metals stated that due to building and equipment repairs, the capital spending for this facility was diverted to another facility. The company has additional facilities meeting its capital spending commitment. Special Metals submitted a proposal for an expansion to this facility. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $4,185,225 for a cumulative spend of $32,585,895 or 76%. The company forecasts that it will be able to meet its full commitment by September 2018. Staff will continue to monitor the company’s capital spending and reassess compliance during the next reporting period.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

**U.S. Nonwovens Corp. (Brentwood, Suffolk County) AppID 11609**
Allocation: 166 kW
Contract Demand: 166 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $40,000,000  
**Cumulative Capital Spending: $34,355,875 or 86%**  
Job Commitment: 280 jobs  
Jobs Reported: 706 jobs or 252%

**Background:** U.S. Nonwovens Corp. manufactures nonwoven products. The company, which substantially exceeded its job commitment, fell short on compliance with its CIC. However, the amount of the allocation and degree of shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

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**Women's Housing & Economic Development Corporation (Bronx, Bronx County) AppID 9675**

Allocation: 10 kW  
Contract Demand: 10 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $5,500,000  
**Cumulative Capital Spending: $2,512,383 or 46%**  
Job Commitment: 185 jobs  
Jobs Reported: 259 jobs or 140%

**Background:** Women’s Housing & Economic Development Corporation operates a green building program for affordable housing. The company, which substantially exceeded its job commitment, fell short on compliance with its CIC. As an affordable housing development, the company is dependent on government agencies for its capital financing. Because of the timing of the various agencies funding cycles, the company has not been able to complete its capital expenditures on time. The company provided additional capital spending for the period July 2017 through November 2017 in the amount of $251,505 for a cumulative spend of $2,763,888 or 50%. Given the amount of the allocation, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends that the Trustees take no action at this time.

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4) Capital Investment Commitments and Job Commitments (4 Customers)

**J.G.B. Enterprises, Inc. (Liverpool, Onondaga County) AppID 9270**

Allocation: 120 kW  
Contract Demand: 120 kW  
Power Utilization: 91%  
5 year Capital Investment Commitment: $1,500,000  
**Cumulative Capital Spending: $709,980 or 47% (confirmed based on audit)**  
Job Commitment: 244 jobs  
Jobs Reported: 212 jobs or 87%
**Background:** J.G.B. Enterprises, Inc. manufactures industrial and military hoses and hose assemblies. The company was selected for an audit of its capital investment spending by NYPA’s third party auditing firm. The company was found to be non-compliant with its CIC. It also did not meet its employment commitment. The company reported that government sequestration and adverse conditions in the oil and gas markets contributed to its shortfalls. Given the amount of the allocation and the degree of the job shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends no formal compliance action at this time.

**Olbrych Realty Inc. (School House Companies) (Gloversville, Fulton County) AppID 3761**
Allocation: 160 kW  
Contract Demand: 160 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $4,250,000  
**Cumulative Capital Spending:** $23,320 or 1%  
Job Commitment: 173 jobs  
**Jobs Reported:** 151 jobs or 87% (confirmed based on audit)

**Background:** Olbrych Realty Inc. (School House Companies) operates as a commercial warehouse. The company stated it lost a major customer that would have been added to the facility. In addition, the company also lost a tenant which resulted in a drop in the employee count. The company did not provide any explanation regarding its capital investment shortfall. The company was selected for an audit of its employment records by NYPA’s third party auditing firm and found to be non-compliant for the reporting year. Given the amount of the allocation and the degree of the jobs shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends no formal compliance action at this time.

**Schneider Packing Equip. Co., Inc. (Brewerton, Onondaga County) AppID 9408**
Allocation: 120 kW  
Contract Demand: 120 kW  
Power Utilization: 100%  
5 year Capital Investment Commitment: $2,500,000  
**Cumulative Capital Spending:** $1,527,677 or 61%  
Job Commitment: 151 jobs (Effective 7-1-17)  
**Jobs Reported:** 125 jobs or 83%

**Background:** Schneider Packing Equip. Co., Inc. manufactures packaging machinery. This is the second time the company did not meet its job commitment. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth. The company provided additional capital spending for the period July 2017 through December 2017 in the amount of $67,060 for a cumulative spending of $1,594,737 or 64%. Given the amount of the allocation and the degree of the jobs shortfall, application of the methodology used to calculate potential reductions in contract demand and allocation does not result in a reduction.
**Recommendation:** Staff recommends no formal compliance action at this time.

**XLI Corporation (Rochester, Monroe County) AppID 7576**

- Allocation: 100 kW (Effective 7-1-17)
- Contract Demand: 100 kW (Effective 7-1-17)
- Power Utilization: 100%
- 5 year Capital Investment Commitment: $2,500,000
- Cumulative Capital Spending: $469,760 or 19%
- Job Commitment: 54 jobs (Effective 7-1-17)
- Jobs Reported: 44 jobs or 81%

**Background:** XLI Corporation manufactures machine components. The company stated that the employment and CIC shortfalls were due to financial circumstances of some major customers, and the reallocation of financial resources to address outstanding debt. The company provided job counts for the period of July 2017 through November 2017, which indicated no additional job growth. Given the amount of the allocation and degree of jobs shortfall, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction.

**Recommendation:** Staff recommends no formal compliance action at this time.
<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment</th>
<th>Jobs Reported</th>
<th>Jobs Compliance %</th>
<th>Revised Allocations/Commitments</th>
<th>Reductions</th>
<th>City</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany Molecular Research, Inc.</td>
<td>1,280</td>
<td>345</td>
<td>299</td>
<td>87%</td>
<td>1,240</td>
<td>40</td>
<td>46</td>
<td>Albany</td>
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<tr>
<td>API Heat Transfer, Inc.</td>
<td>150</td>
<td>269</td>
<td>223</td>
<td>83%</td>
<td>140</td>
<td>10</td>
<td>46</td>
<td>Buffalo</td>
</tr>
<tr>
<td>Associated Brands</td>
<td>610</td>
<td>326</td>
<td>277</td>
<td>85%</td>
<td>580</td>
<td>30</td>
<td>49</td>
<td>Medina</td>
</tr>
<tr>
<td>Barton Mines - Town of Indian Lake</td>
<td>256</td>
<td>41</td>
<td>32</td>
<td>78%</td>
<td>230</td>
<td>26</td>
<td>9</td>
<td>Town of Indian Lake</td>
</tr>
<tr>
<td>Canon USA</td>
<td>2,000</td>
<td>2,059</td>
<td>1,585</td>
<td>77%</td>
<td>1,740</td>
<td>260</td>
<td>474</td>
<td>Melville</td>
</tr>
<tr>
<td>ConMed Corporation</td>
<td>1,440</td>
<td>735</td>
<td>645</td>
<td>88%</td>
<td>1,410</td>
<td>30</td>
<td>90</td>
<td>Utica</td>
</tr>
<tr>
<td>Contract Pharmacal Corp.</td>
<td>156</td>
<td>133</td>
<td>85</td>
<td>68%</td>
<td>120</td>
<td>36</td>
<td>48</td>
<td>Hauppauge</td>
</tr>
<tr>
<td>Contract Pharmacal Corp.</td>
<td>386</td>
<td>295</td>
<td>217</td>
<td>80%</td>
<td>310</td>
<td>76</td>
<td>78</td>
<td>Hauppauge</td>
</tr>
<tr>
<td>HP Hood LLC</td>
<td>1,100</td>
<td>135</td>
<td>117</td>
<td>87%</td>
<td>1,070</td>
<td>30</td>
<td>18</td>
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<tr>
<td>International Wire Group, Inc.</td>
<td>1,080</td>
<td>88</td>
<td>78</td>
<td>89%</td>
<td>1,070</td>
<td>10</td>
<td>10</td>
<td>Camden</td>
</tr>
<tr>
<td>International Wire Group, Inc.</td>
<td>1,100</td>
<td>178</td>
<td>157</td>
<td>88%</td>
<td>1,080</td>
<td>10</td>
<td>21</td>
<td>Williamstown</td>
</tr>
<tr>
<td>Kionix, Inc.</td>
<td>480</td>
<td>150</td>
<td>122</td>
<td>81%</td>
<td>440</td>
<td>40</td>
<td>28</td>
<td>Ithaca</td>
</tr>
<tr>
<td>Mohawk Fine Papers, Inc.</td>
<td>2,020</td>
<td>141</td>
<td>109</td>
<td>77%</td>
<td>1,760</td>
<td>260</td>
<td>32</td>
<td>Waterford</td>
</tr>
<tr>
<td>Morgan Stanley &amp; Co. LLC</td>
<td>2,220</td>
<td>1,416</td>
<td>1,105</td>
<td>78%</td>
<td>1,950</td>
<td>270</td>
<td>311</td>
<td>Purchase</td>
</tr>
<tr>
<td>Pall Corporation</td>
<td>1,570</td>
<td>550</td>
<td>442</td>
<td>80%</td>
<td>1,410</td>
<td>160</td>
<td>108</td>
<td>Port Washington</td>
</tr>
<tr>
<td>Printex Packaging Corporation</td>
<td>90</td>
<td>61</td>
<td>40</td>
<td>67%</td>
<td>70</td>
<td>20</td>
<td>21</td>
<td>Islandia</td>
</tr>
<tr>
<td>Richardson Brands Company</td>
<td>316</td>
<td>174</td>
<td>136</td>
<td>78%</td>
<td>280</td>
<td>36</td>
<td>38</td>
<td>Canajoharie</td>
</tr>
<tr>
<td>Schilling Forge, Inc.</td>
<td>160</td>
<td>31</td>
<td>24</td>
<td>77%</td>
<td>140</td>
<td>20</td>
<td>7</td>
<td>Syracuse</td>
</tr>
<tr>
<td>Snyder Industries, Inc.</td>
<td>310</td>
<td>117</td>
<td>60</td>
<td>51%</td>
<td>190</td>
<td>120</td>
<td>57</td>
<td>Tonawanda</td>
</tr>
<tr>
<td>Sonoco</td>
<td>740</td>
<td>126</td>
<td>100</td>
<td>79%</td>
<td>660</td>
<td>80</td>
<td>26</td>
<td>Chatham</td>
</tr>
<tr>
<td>Special Metals Corporation</td>
<td>526</td>
<td>78</td>
<td>68</td>
<td>87%</td>
<td>500</td>
<td>26</td>
<td>10</td>
<td>Dunkirk</td>
</tr>
<tr>
<td>Suit-Kote Corporation</td>
<td>500</td>
<td>237</td>
<td>170</td>
<td>72%</td>
<td>410</td>
<td>90</td>
<td>67</td>
<td>Cortland</td>
</tr>
<tr>
<td>Sutherland Global Services</td>
<td>60</td>
<td>2,700</td>
<td>1,811</td>
<td>67%</td>
<td>50</td>
<td>16</td>
<td>889</td>
<td>Rochester</td>
</tr>
<tr>
<td>The Nature’s Bounty Co., Inc.</td>
<td>1,446</td>
<td>980</td>
<td>854</td>
<td>87%</td>
<td>1,390</td>
<td>56</td>
<td>126</td>
<td>Bohemia</td>
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<tr>
<td>The Nature’s Bounty Co., Inc.</td>
<td>950</td>
<td>383</td>
<td>337</td>
<td>88%</td>
<td>910</td>
<td>40</td>
<td>53</td>
<td>Bayport</td>
</tr>
<tr>
<td>TIMI Trading</td>
<td>36</td>
<td>10</td>
<td>5</td>
<td>50%</td>
<td>20</td>
<td>16</td>
<td>5</td>
<td>Brooklyn</td>
</tr>
<tr>
<td>Turnkey Internet</td>
<td>750</td>
<td>20</td>
<td>15</td>
<td>75%</td>
<td>640</td>
<td>110</td>
<td>5</td>
<td>Latham</td>
</tr>
<tr>
<td>Ultralife Batteries, Inc.</td>
<td>440</td>
<td>228</td>
<td>171</td>
<td>75%</td>
<td>360</td>
<td>80</td>
<td>57</td>
<td>Newark</td>
</tr>
<tr>
<td>Wenner Bread Products Inc.</td>
<td>1,956</td>
<td>502</td>
<td>413</td>
<td>82%</td>
<td>1,800</td>
<td>156</td>
<td>89</td>
<td>Bayport</td>
</tr>
</tbody>
</table>

Total Reduction: Exhibit A 2,164 2,818
POWER AUTHORITY OF THE STATE OF NEW YORK

30 SOUTH PEARL STREET

ALBANY, NY  12207

Electric Service Tariff for New York State

Office of General Services

Service Tariff No. 160

Date of Issue: August 7, 2018

Date Effective: August 2018 Bill Period

Issued by Keith T. Hayes, Vice President Economic Development
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Information</td>
<td></td>
</tr>
<tr>
<td>I. Applicability</td>
<td>5</td>
</tr>
<tr>
<td>II. Frequently used Abbreviations and Terms</td>
<td>5</td>
</tr>
<tr>
<td>III. Calculation of the Bill</td>
<td></td>
</tr>
<tr>
<td>A. Component of the Bill</td>
<td>7</td>
</tr>
<tr>
<td>B. Bill Computation</td>
<td>7</td>
</tr>
<tr>
<td>C. Defined Billing Terms of Production and Delivery</td>
<td>7</td>
</tr>
<tr>
<td>IV. Rates and Charges</td>
<td></td>
</tr>
<tr>
<td>Service Classification No. 62</td>
<td>9</td>
</tr>
<tr>
<td>General Small</td>
<td></td>
</tr>
<tr>
<td>Service Classification No. 66</td>
<td>10</td>
</tr>
<tr>
<td>Electric Traction Systems and Platform Lighting</td>
<td></td>
</tr>
<tr>
<td>Service Classification No. 69</td>
<td>12</td>
</tr>
<tr>
<td>General Large</td>
<td></td>
</tr>
<tr>
<td>RIDER A</td>
<td>15</td>
</tr>
<tr>
<td>Standby Service</td>
<td></td>
</tr>
<tr>
<td>RIDER B</td>
<td>19</td>
</tr>
<tr>
<td>Net Metering</td>
<td></td>
</tr>
<tr>
<td>RIDER C</td>
<td>23</td>
</tr>
<tr>
<td>(Reserved for future use)</td>
<td></td>
</tr>
<tr>
<td>V. General Provisions</td>
<td></td>
</tr>
<tr>
<td>A. Rules and Regulations</td>
<td>24</td>
</tr>
<tr>
<td>B. Character of Service</td>
<td>24</td>
</tr>
<tr>
<td>C. Power Factor</td>
<td>24</td>
</tr>
<tr>
<td>D. Adjustments in Charges</td>
<td>24</td>
</tr>
</tbody>
</table>

Table of Contents – Continued on Leaf No. 3)
<table>
<thead>
<tr>
<th>General Information - Continued</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Customer Requirements for Production and Delivery Service</td>
<td></td>
</tr>
<tr>
<td>1. Provision of Production Service</td>
<td>25</td>
</tr>
<tr>
<td>2. Provision of Delivery Service</td>
<td>25</td>
</tr>
<tr>
<td>3. Temporary Service</td>
<td>26</td>
</tr>
<tr>
<td>4. Initiation, Continuance, and Termination of Service</td>
<td>26</td>
</tr>
<tr>
<td>5. Transfer of Service</td>
<td>27</td>
</tr>
<tr>
<td>6. Redistribution of Electric Service</td>
<td>27</td>
</tr>
<tr>
<td>F. Billing Demand</td>
<td>27</td>
</tr>
<tr>
<td>G. Billing Period</td>
<td>27</td>
</tr>
<tr>
<td>H. Payment</td>
<td>27</td>
</tr>
<tr>
<td>I. Apportionment of Charges When Customer Receives Production Service from the Authority and a Third-Party</td>
<td>27</td>
</tr>
<tr>
<td>J. Customer Information for Supply Planning</td>
<td>28</td>
</tr>
<tr>
<td>K. Bill Proration</td>
<td>28</td>
</tr>
</tbody>
</table>

VI. Special Provisions Applicable to Production

A. Energy Charge Adjustment | 29 |
B. Effective Date of Rates and Charges | 29 |
C. NYISO-Related Charges | 29 |
D. Distribution Losses | 30 |
E. Production Rate Structure Updates | 30 |
F. Production Rate Development | 30 |

VII. Special Provisions Applicable to Delivery Service

A. Rates and Charges
   1. Gross Receipt Tax Surcharge | 31 |
   2. Delivery Revenue Surcharge | 31 |
   3. Revenue Decoupling Mechanism Adjustment | 31 |
   4. 18-a Assessment Surcharge | 32 |
   5. Smart Grid Surcharge | 33 |
   6. Reactive Power Demand Charge | 33 |
   7. Other Charges and Adjustments | 33 |
<table>
<thead>
<tr>
<th>Special Provisions Applicable to Delivery Service - Continued</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Delivery Service Rate Schedule</td>
<td>37</td>
</tr>
<tr>
<td>C. Adjustment of Charges</td>
<td>37</td>
</tr>
<tr>
<td>D. Proration of Monthly Rates and Charges</td>
<td>37</td>
</tr>
<tr>
<td>E. Minimum Bill</td>
<td>38</td>
</tr>
<tr>
<td>F. Seasonal Proration</td>
<td>38</td>
</tr>
<tr>
<td>G. Billing Period Proration</td>
<td>38</td>
</tr>
<tr>
<td>H. Delivery Service Rate True-up Mechanism</td>
<td>38</td>
</tr>
<tr>
<td>I. Delivery Rate Development</td>
<td>39</td>
</tr>
<tr>
<td>J. Rights</td>
<td>39</td>
</tr>
</tbody>
</table>
Electric Service Tariff for New York State Office of General Services  
Service Tariff No. 160

I. Applicability
To sale of firm power and energy by Authority to the New York State Office of General Services (“Customer”) and associated Accounts in accordance with the third unnumbered paragraph of Section 1005 of the Power Authority Act (Public Authorities Law § 1005) who receive Delivery Service through the Utility in whose franchise area such Customer’s facilities are located.

II. Frequently used Abbreviations and Terms

Abbreviations:
- kW kilowatt(s)
- kWh kilowatt-hour(s)
- kVA kilovolt-ampere(s)
- kVar kilovolt-amperes reactive
- NYPA New York Power Authority
- NYISO New York Independent System Operator
- TOD Time-of-Day
- GRT Gross Receipts Tax

Account(s): A metered or billed location based on Customer billing characteristics.

Agreement: An agreement between Authority and Customer containing the terms and conditions under which Authority provides Customer with a supply of electricity. The term Agreement includes the original Application for Electric Service between the Authority and Customer and the supplemental agreement made effective commencing in the August 2018 billing period, between Authority and Customer known as the Supplemental Long Term Power Supply Agreement.

Authority: New York Power Authority, an alternative name for the Power Authority of the State of New York.

Customer: The New York State Office of General Services served under this Service Tariff by the Authority in accordance with the third unnumbered paragraph of Section 1005 of the Power Authority Act. For the purposes of this Service Tariff, the term Customer may include facilities in Westchester belonging to Customer.

Delivery Service: The service that Authority procures from Utility on behalf of Authority's governmental customers.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Fixed Costs: This term has the meaning provided for in the Agreement.
Frequently used Abbreviations and Terms (Continued)

**High Tension**: High Tension Alternating Current – 60 cycles (Frequency and voltages shown are approximate):

- Three phase at 2,400/4,150 volts
- Three phase at 3,000/7,800 volts
- Three phase at 6,900 volts
- Three phase at 13,200 volts
- Three phase at 26,400 volts
- Three phase at 33,000 volts
- Single phase and three phase at 2,400 volts
- Three phase at 69,000 volts
- Three phase at 138,000 volts

**Low Tension**: Low Tension Alternating Current – 60 cycles (Frequencies and voltages shown are approximate):

- Three phase at 120/208 volts
- Single phase at 120/240 volts
- Three phase at 265/460 volts
- Three phase at 240 volts
- Two phase at 120/240 or 230 or 240 volts

**Load Serving Entity**: This term has the meaning provided for in the Agreement.

**NYISO Tariffs**: The tariffs of the NYISO, including the NYISO OATT, as such tariffs are amended and in effect from time to time.

**P.S.C. No. 12 -- Electricity**: The rate schedule of Consolidated Edison Company of New York Inc. Governing the Delivery Service applicable to Customers, also known as “Schedule for PASNY Delivery Service” as approved by the New York State Public Service Commission, as it may be modified or superseded from time to time.

**Production**: Authority supply of power and energy, excluding Delivery Service and Third-Party Supplier power and energy.

**Rules**: 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 OGSRR § 454) as now in effect and as may be later amended from time to time by Authority.

**Service Tariff**: This Service Tariff

**Third-Party Supplier**: A supplier of power and energy other than Authority.

**Utility**: Consolidated Edison Company of New York, Inc. which provides Delivery Service to the Customer purchasing firm power and energy under this Service Tariff.
### III. Calculation of the Bill

#### A. Components of the Bill

The bill may be composed of the following components, as applicable:

<table>
<thead>
<tr>
<th>Types of Charges</th>
<th>Bill Components</th>
<th>Charge Units</th>
<th>Billing Determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>Demand</td>
<td>$/kW-month</td>
<td>kW</td>
</tr>
<tr>
<td></td>
<td>Base Energy</td>
<td>¢/kWh</td>
<td>kWh</td>
</tr>
<tr>
<td></td>
<td>Energy Charge Adjustment</td>
<td>¢/kWh</td>
<td>kWh</td>
</tr>
<tr>
<td></td>
<td>Fixed Costs</td>
<td>$ per month</td>
<td></td>
</tr>
<tr>
<td>Delivery</td>
<td>Customer or Delivery Point</td>
<td>$ per month</td>
<td># of Accounts</td>
</tr>
<tr>
<td></td>
<td>Demand</td>
<td>$/kW-month</td>
<td>kW</td>
</tr>
<tr>
<td></td>
<td>Energy</td>
<td>¢/kWh</td>
<td>kWh</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>various</td>
<td>various</td>
</tr>
<tr>
<td></td>
<td>Taxes</td>
<td>% or percent</td>
<td>on pre-tax bill</td>
</tr>
<tr>
<td>Other</td>
<td>Surcharges or Credits</td>
<td>various</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Adjustments/Reconciliations</td>
<td>various</td>
<td>n/a</td>
</tr>
</tbody>
</table>

#### B. Bill Computation

For each Customer Account, the bill shall be equal to the sum of the product of the unit charge for each applicable Bill Component and its respective Billing Determinant. The total Customer bill shall be the aggregate of all Customer Accounts and shall have both Production and Delivery Service charges.

#### C. Defined Billing Terms of Production and Delivery

The following type of rates and conditions are applicable to Production and Delivery Service.


2. TOD Rates shall apply to:
   - Any Account whose maximum demand exceeds 1,500 kW in any annual period ending September 30;
   - Any new Account whose monthly maximum demand in the Authority's estimate will exceed 1,500 kW during the first year of service; and
   - Successors of Accounts referred to above if eligible for Authority service.
Calculation of the Bill - Continued

3. Any Account billed under TOD Rates shall be transferred to and billed under Conventional Rates when the Account’s monthly maximum demand does not exceed 900 kW for 12 consecutive months, provided however, that TOD Rates shall apply to any Account with multiple meters whose demand meter registrations, when added together for billing purposes, would qualify for these TOD Rates under any of the criteria listed in this Section and at least one of the Customer’s meters registers 500 kW or more in any month in any annual period ending September 30.

4. For Accounts transferring from Conventional Rates to TOD Rates, the first bill under TOD Rates shall be rendered when an Account’s entire usage for the billing period is subsequent to December 31 of the annual period ending September 30 in which the Account becomes subject to TOD Rates.
IV. Rates and Charges

Service Classification No. 62
General Small

Applicability:
- To use of service for light, heat and power used for general uses where the Account’s requirements do not exceed 10 kW.

CONVENTIONAL

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (¢/kWh)</td>
<td>Summer</td>
<td>5.365</td>
</tr>
<tr>
<td></td>
<td>Winter</td>
<td>5.020</td>
</tr>
</tbody>
</table>

Time Period Conventional:
- All hours, all days

Season:
- Summer – June through September
- Winter – October through May

Production:
- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A. These ECA charges are reported in the “Statement of ECA Factor” which is attached to this Service Tariff.

Delivery Service:
- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1.
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  6. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.

- The General Provisions - Additional Rules, par. (3) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. (P.S.C. No. 12) are incorporated by reference and apply to this service classification.

Net Metering:
- If Rider B applies under this Service Classification, the Charges and Credits will be applied as stated in Rider B.

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Service Classification No. 66  
New York City Public Street Lighting  
(Except for service provided under Service Classification No. 80)

Applicability:
- To use of service for lighting of public streets, thoroughfares, parks and parkways; operation of traffic control signals, fire alarm signals, warning and directional signs, street crossing signals, traffic detectors, sensors and amplifiers, red light cameras, radar, municipal parking meters, illuminated traffic and warning signs, and license plates readers with the exception of the service provided under Service Classification No. 80.

CONVENTIONAL

<table>
<thead>
<tr>
<th>PRODUCTION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (¢/kWh)</td>
<td>Summer: 4.350</td>
</tr>
<tr>
<td></td>
<td>Winter: 4.350</td>
</tr>
</tbody>
</table>

FACILITIES CHARGE

For each point of service termination, where the Utility’s electrical system is connected to the City’s lighting unit or to a lighting circuit owned by the City ($ per month) 11.05

Time Period Conventional:
- All hours, all days

Season:
- Summer – June through September
- Winter – October through May

(SC 66 – Continued on Leaf No. 11)
Service Classification No. 66 (continued)

New York City Public Street Lighting

(Except for service provided under Service Classification No. 80)

Production:

- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A.

Delivery Service:

- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  6. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.

- The Special Provision 3 (P.S.C. No. 12) and SC 6, Special Provisions B, C, D, F, G (P.S.C. No. 10) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. are incorporated by reference and apply to this service classification.

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.

Date of Issue: August 7, 2018
Date Effective: August 2018 Bill Period

Issued by Keith T. Hayes, Vice President Economic Development
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
## Service Classification No. 69

### General Large

#### Applicability:
- To use of service for light, heat and power for general uses where the Account’s requirements are in excess of 10 kW.

### CONVENTIONAL

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand ($/kW)</strong></td>
<td>8.83</td>
<td>Low Tension 25.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High Tension 19.77</td>
</tr>
<tr>
<td><strong>Energy (¢/kWh)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>4.201</td>
<td></td>
</tr>
<tr>
<td>Winter</td>
<td>3.856</td>
<td></td>
</tr>
<tr>
<td><strong>Reactive Power ($/kVar)</strong></td>
<td>Billable reactive power demand 1.97</td>
<td>Induction-generation exception 1.97</td>
</tr>
</tbody>
</table>

### TOD

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION</th>
<th>DELIVERY</th>
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</thead>
<tbody>
<tr>
<td><strong>Demand ($/kW)</strong></td>
<td></td>
<td>Low Tension</td>
</tr>
<tr>
<td>Summer:</td>
<td></td>
<td>High Tension</td>
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<tr>
<td>8am – 6pm M-F</td>
<td>8.66</td>
<td>7.14</td>
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<tr>
<td>8am – 10pm M-F</td>
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<tr>
<td>All hours/days</td>
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<td>21.68</td>
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<tr>
<td>Winter:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8am – 6pm M-F</td>
<td>8.66</td>
<td></td>
</tr>
<tr>
<td>8am – 10pm M-F</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>All hours/days</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

| **Energy (¢/kWh)**   |            |                   |
| Summer               | 5.118      | 3.353             |
| Winter               | 4.317      | 3.369             |

| **Reactive Power ($/kVar)** | Billable reactive power demand 1.97 | Induction-generation exception 1.97 |

(Sc 69 – Continued on Leaf No. 13)
## Service Classification No. 69 (continued)

### General Large

**Time Period Conventional:**
- All hours, all days

**Time Period TOD:**
- Includes holidays

**Season:**
- Summer – June through September
- Winter – October through May

**Production:**
- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A.

**Delivery Service:**
- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1.
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  7. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.
- The P.S.C. No. 12, General Provisions Additional Rules, par. (1) and P.S.C. No. 10, SC 9, Special Provisions A and B included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. are incorporated by reference and apply to this service classification.

(SC 69 – Continued on Leaf No. 14)
Service Classification No. 69 (continued)

Standby Service:
- If Rider A applies under this Service Classification, the Rates and Charges under Rider A will replace the above production rates.

Net Metering:
- If Rider B applies under this Service Classification, the Charges and Credits will be applied as stated in Rider B.

General Large

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Rider A – Standby Service

A. Applicability

Applicable to Customers who would otherwise receive service under Service Classifications No. 65, 68, 69, 80, 82, 85, 91, 93 and 98 rates having generating facilities on their premises that are not in excess of eighty (80) megawatts, and which are interconnected with Authority through the Utility electric system. The nameplate rating of a Customer’s on-site generation facilities must meet or exceed 15 percent of the Customer’s maximum potential demand, consistent with the Utility tariff requirements.

Service under this Rider is limited to Customers who meet the requirements set forth in Rule 20 of Con Edison’s Electric Tariff, P.S.C No. 10. Customers must also meet the requirements set forth in Service Class 11 of Con Edison’s Electric Tariff, P.S.C No. 10 if they wish to receive compensation for Excess Energy from the Utility.

Customers receiving service under this Rider A may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as set forth in Rule 20 and Service Class 11, if applicable, of the Utility tariff.

Customer shall provide upon request of the Authority all documentation necessary to bill the Customer under this Rider A, including but not limited to data necessary to determine Production Contract Standby Demand for each applicable Account, including load, generator, and interconnection data.

The Customer must also submit NYPA’s application for production standby service to be considered. The application is available upon request. The Authority reserves the right to limit service under this Rider.

B. Type of Service

NYPA will furnish power for standby service hereunder. The type of service supplied will depend upon the voltage available from Utility.

C. Definitions:

**Total Load:** The total amount of metered demand in kilowatts consumed by a Customer and recorded on each Account’s meter during each 30 minute interval in a Billing Period (as defined in section G of General Provisions), inclusive of kilowatts of power provided by the Authority and kilowatts of power generated by Customer’s qualifying generating facility. For Customers with multiple Standby Accounts, Customer generation will be apportioned to each Account in accordance with the Utility tariff.

**Production Contract Standby Demand:** The Account’s maximum Total Load in kilowatts from the preceding 12 months, or the months for which data is available if the Account has not been in service for 12 months. If insufficient history is available, or Account’s Total Load is expected to change due to installation or removal of equipment, or Customer implementation of energy efficiency measures, the Authority will determine the Production Contract Standby Demand after consulting with Customer regarding project specifications and/or Account’s past capacity needs. Customer may request in writing an adjustment to Production Contract Standby Demand once per calendar year.
**As-Used Daily Standby Demand:** The demand in kilowatts that is metered or calculated for each day as the maximum positive difference between the Account’s Total Load less the generation kilowatts allocated to the Account in any 30-minute interval of each day during the Billing Period. In no instance will the As-Used Daily Standby Demand be less than zero.

**Excess Energy:** Energy generated by the Customer that exceeds Customer’s total energy usage in an interval and is exported to the Utility’s system.

**D. Rules of Service**

All Accounts at the Customer’s premises taking standby service shall have interval metering and shall be billed under applicable Service Class rates.

Authority power delivered under this schedule shall not be used for resale or as a substitute for power contracted for or which may be contracted for under any other schedule of Authority tariff.

Rate adjustments under this Rider A will occur in accordance with the Agreement.

Customer shall provide Authority with 30 days advance written notice of planned maintenance outages, specifying the starting date and duration of the planned outage.

**E. Determination of Production Standby Demand Charges**

The Production Standby Demand Charges in any Billing Period shall be the sum of the “Billed Production Contract Standby Demand Charge” and the “Billed As-Used Daily Standby Demand Charge” for the Billing Period, each as set forth below:

Billed Production Contract Standby Demand Charge: this shall be equal to the Production Contract Standby Demand determined for each Account multiplied by the applicable Production Contract Standby Demand Charge (see below). Where there are multiple Accounts, these values will then be summed.

Billed As-Used Daily Standby Demand Charge: this shall be the sum of the Account-level daily charges, calculated as the maximum As-Used Daily Standby Demand in each day during the Billing Period multiplied by the applicable As-Used Daily Standby Demand Charge (see below).
### Service Classification 69 Conventional

<table>
<thead>
<tr>
<th></th>
<th>Low Tension</th>
<th>High Tension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Contract Standby Demand Charge ($/kW)</td>
<td>$0.265</td>
<td>$0.246</td>
</tr>
<tr>
<td>As-Used Daily Standby Demand Charge ($/kW-day)</td>
<td>$0.282</td>
<td>$0.262</td>
</tr>
</tbody>
</table>

### Service Classification 69 Time of Day

<table>
<thead>
<tr>
<th></th>
<th>Low Tension</th>
<th>High Tension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Contract Standby Demand Charge ($/kW)</td>
<td>$0.260</td>
<td>$0.246</td>
</tr>
<tr>
<td>As-Used Daily Standby Demand Charge ($/kW-day)</td>
<td>$0.276</td>
<td>$0.262</td>
</tr>
</tbody>
</table>
F. **Production Energy Service**

Authority will provide energy service to the Customer under the production service class energy rates applicable to the Customer’s Account(s).

G. **Excess Energy Compensation**

The Authority will assist the Customer in applying to the Utility to receive compensation for Excess Energy exported into the Utility system.

H. **Delivery Service Charges**

Such charges for Delivery Service will reflect a direct pass through of the currently effective Utility tariff rates, including all Special Provisions, applicable to the Customer, as amended from time to time by Utility.

I. **Metering**

The Customer’s metering, for each Account, will conform to the Utility’s metering provisions. In the event the Customer requests an additional meter for standby service, the Customer shall pay the cost of the meter and installation.

J. **Power Factor Correction**

The Power Factor will be handled by the Utility in accordance with the Utility tariff or any applicable agreements between the Customer and Utility.
Rider B – Net Metering

A. Applicability:

To Customers served under Service Classification Nos. 62, 65, 68, 69, 82, 85, 91, 93, and 98 for service pursuant to a net metering arrangement provided that such Customers meet the following conditions:

1. For a Customer with solar electric generating equipment, wind electric generating equipment, micro-combined heat and power generating equipment, micro-hydroelectric electric generating equipment and fuel cell electric generating equipment located and used at its premises, as follows:
   (a) if the Customer is served under demand rates and uses solar, wind or micro-hydroelectric electric generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
   (b) if the Customer is served under demand rates and uses micro-combined heat and power generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
   (c) if the Customer is served under demand rates and uses fuel cell electric generating equipment, such equipment must have a rated capacity of not more than 1,500 kW;
   (d) if the Customer is served under energy-only rates, such equipment must have a rated capacity of not more than 10 kW.

2. Service will be provided under this Rider to eligible Customers on a first-come, first-served basis based on the date that NYPA receives notification from the Utility that the Customer has provided a complete project application in accordance with the New York State Standardized Interconnection Requirements (“SIR”) and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems adopted by the New York State Public Service Commission, as modified from time to time.

3. NYPA must also receive a completed detailed study from the Utility stating that the Utility has approved the interconnection and parallel operation of such facilities in accordance with the New York State Public Service Commission’s requirements.

4. To be considered for Net Metering service, the Customer must submit the above required documentation for applicability of service under this Rider in Sections A.2 and A.3, as well as NYPA’s application for Net Metering service, which is available upon written request. NYPA reserves the right to limit service under this Rider. Such circumstances may include, but are not limited to the following: the availability of billing data from the Utility, accurate Utility flagging of Net Metering Accounts to NYPA, Customer meter installation and functionality issues, and other technical issues.

B. Net Metering Definitions and Terms:

**Excess Energy:** The amount of energy (kWh) generated by the Customer’s electric generating equipment that is in excess to the amount of energy consumed by the Account and is exported to the Utility’s distribution system during a billing period.

**Host Account:** NYPA-served electric Account with qualified electric generating equipment located on its premises.
Net Energy: The difference between the energy consumed by the Account and the energy generated by the Customer’s electric generating equipment during a billing period.

Net Metering: The bi-directional metering process that measures the flow of energy, and registers the difference between the Account’s consumption and the energy generated by the Customer’s electric generating equipment during a billing period.

Outstanding Charges: Outstanding demand, energy and other production charges in the billing period, excluding any Delivery Service charges.

Remote Net Metering: A service offered by NYPA to its qualified Net Metering Customers that allows the Host Account’s Excess Energy that is converted into monetary credits to be applied from the Host Account to Satellite Accounts.

Satellite Account: NYPA-served electric Account to which Host Account’s Excess Energy is converted into monetary credits by NYPA and applied to such Account.

C. Requirements for Service:

1. Service under this Rider is limited to Customers who meet the SIR requirements.

2. Customers receiving service under this Rider may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as required by the Utility. Customers also may be subject to additional terms, conditions and charges relative to the safe interconnection of Customer’s electric generating equipment, as may be required by the Utility.

3. Billing under this Rider will be provided once a flag identifying a Net Metering Account is received from the Utility through the Utility’s billing data files to NYPA.

D. Metering:

Meters shall be furnished, installed, employed, and maintained as required by the Utility.

E. Remote Net Metering:

1. Customer’s Account served under this Rider may apply for Remote Net Metering if they have solar, wind, micro-combined heat and power, micro-hydroelectric, or fuel cell electric generating equipment. Remote Net Metering is subject to the following conditions:

   (a) All Satellite Accounts must be in the same NYISO zone as the Host Account. A Satellite Account can have only one Host Account, and such Satellite Account cannot be a net metered customer-generator.

   (b) The Host Account and Satellite Account(s) shall be established in the same Customer name and located on property owned or leased by the Customer. NYPA reserves the right to require the Customer to prove that the properties served by the Host Account and all Satellite Accounts are owned or leased by the same Customer.

   (c) The Customer shall designate in its initial application to NYPA for Remote Net Metering service the Host Account and Satellite Account(s) that will be Remote Net Metered. In submitting an amended application, the Customer may designate additional Satellite Accounts or remove existing Satellite Accounts once per year, with the new designations to take effect commencing with the January bill issued for the Host Account.
F. Charges and Credits:

1. Charges

(a) The Customer shall pay the rates and charges of the Customer’s applicable Service Classification for Net Energy supplied by NYPA. If the Customer is served under time-of-day ("TOD") rates, the charge for Net Energy supplied by NYPA will be determined for each time period.

(b) A Customer served under this Rider shall pay any customer charge, and any other rates and charges under the Customer’s applicable Service Classification regardless of whether the amount of energy produced by the generating equipment is less than, equal to, or greater than the amount of energy used by the Customer. A Customer taking service under a demand-billed Service Classification also shall pay Production Demand Charges based on the billing demand.

(c) Delivery Service charges will reflect a direct pass-through of the Utility’s tariff charges and credits, if any, including all Special Provisions, applicable to the Account, as amended from time to time by the Utility.

2. Credits

(a) For an Account served under a Service Classification with energy-only rates and that supplies Excess Energy to the Utility’s distribution system, any kWh of Excess Energy provided during the billing period will be applied as a kWh credit towards any net kWh used by the Account during the succeeding billing period. If an Account is billed under TOD rates, the kWh Excess Energy credit will be determined and applied, as appropriate, to each time period.

(b) For an Account served under a Service Classification with demand billing and that supplies Excess Energy to the Utility’s distribution system, any kWh of Excess Energy provided will be converted to the equivalent monetary value at the ø/kWh rate applicable to the Customer’s Service Classification. The monetary credit will be applied towards any Account’s Outstanding Charges. Any remaining monetary credit will be carried forward to the succeeding billing period.

(c) If an Account participates in Remote Net Metering, any Excess Energy kWh provided to the Utility’s distribution system by the Host Account during the billing period shall be converted to its equivalent monetary value at the ø/kWh rate applicable to the Host Account’s Service Classification. The monetary credit then shall be applied, along with any prior period remaining monetary credits, as a direct monetary credit to the Host Account’s electric bill for any Outstanding Charges. If the Host Account’s monetary credits exceed the Host Account’s Outstanding Charges, any remaining monetary credit shall be applied to the Customer’s Satellite Account(s) Outstanding Charges in the order in which the Satellite Account(s) are billed until such time that the monetary credit is reduced to zero or all Satellite Account(s) have been credited. If more than one Satellite Account bills on the same day, the monetary credit shall be applied to the Satellite Accounts’ Outstanding Charges in order of kWh usage from highest to lowest. If a monetary credit remains after all Satellite Account(s) are credited, the remainder of the monetary credit shall be carried forward to the succeeding billing period and applied in the same manner set forth above.
3. Year-End Process

The following procedures shall apply:

(a) At the end of any 12-month cycle, if an Account served under a Service Classification with energy-only rates does not participate in Remote Net Metering, any Excess Energy kWh credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.

(b) At the end of any 12-month cycle, if an Account served under a Service Classification with demand billing does not participate in Remote Net Metering, any monetary credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.

(c) At the end of any 12-month cycle, if an Account participates in Remote Net Metering, any monetary credit remaining on the Host Account after all Satellite Account(s) have been credited (as described in sections F.2.c of this Rider) shall be carried forward to the subsequent 12-month cycle.

4. Account Closure

NYPA requires an actual reading to close an Account under this Rider. NYPA shall close an Account upon the earlier of following dates:

(a) the first cycle date on which a reading is taken following the requested turn off date, or
(b) the date of a special reading, which a Customer may request for a charge.

After an Account’s final bill is rendered, any remaining kWh or monetary credits will not be credited to the Account or transferred to another Account. If an Account participates in Remote Net Metering, a Satellite Account(s) shall no longer receive credits after the final bill is rendered for a Host Account.

5. Future Changes

NYPA reserves the right, in any manner permitted by law and at any time, to terminate, change, or modify this Rider as deemed necessary in order to harmonize Authority’s tariff with Utility’s Rider R; as dictated by the Public Service Commission; or resulting from Authority’s staff analysis.
V. General Provisions

A. Rules and Regulations

1. The Rules are hereby incorporated into this Service Tariff with the same force and effect as if herein set forth at length, except as may be noted herein. 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. Section 454.6 (d) of the Rules shall not be applicable to service hereunder.

2. The supply of service hereunder to Customer is subject to the provisions of the Service Agreement for the Delivery of Power and Energy (“Service Agreement”) and the Planning and Supply Agreement (“Planning and Supply Agreement”) both dated March 10, 1989, and both between Authority and Consolidated Edison Company of New York, Inc.; and the Consolidated Edison Company of New York, Inc. Delivery Service Rate Schedule Implementing and Part of the Service Agreement as filed with the Public Service Commission and the Federal Energy Regulatory Commission (“P.S.C. No. 12”), respectively, and as each may be amended and supplemented from time to time. In the event of any inconsistency, conflict or difference between the provisions of this Service Tariff and/or Authority's Rules on the one hand and those contained in P.S.C. No. 12, the Service Agreement, and/or the Planning and Supply Agreement on the other hand, the provisions of this Service Tariff and Authority's Rules shall govern.

3. In the event of any inconsistencies, conflicts or differences between any provisions of the Agreement and any of the agreements or documents referenced in Section V, General Provisions A.1 and 2, the provisions of the Agreement shall govern.

B. Character of Service

Alternating current; 60 hertz; 3 phase

C. Power Factor

Power factor is the ratio of real power (kW) to apparent power (kVA) for any given load and time. Authority may require Customer to maintain a power factor of not less than 95%, lagging or leading, at the meter, or as may otherwise be imposed upon Authority by Utility and/or NYISO.

D. Adjustments in Rates

Annual adjustments to rates will occur in accordance with the Agreement.
E. Customer Requirements for Production and Delivery Service

1. Provision of Production Service

From time to time, Authority will accept requests for Production service from Customer. Authority will notify Utility when Authority has accepted any new Account(s) of Customer. Authority will notify Utility of the time in which it will initiate Production service to such Accounts.

(a) With respect to Accounts transferred from Utility: Utility has agreed (in the Service Agreement) to transfer service of the Accounts which are the customers of Utility to Authority, free of any limitations on termination of contract which would otherwise apply in the absence of the Service Agreement, except that Utility shall not be required to transfer service of any Account if such customer is not current on its payment for service from Utility, does not pay promptly its final bill for service, and has not paid its outstanding financial obligations to Utility.

(b) With respect to Accounts to be transferred from Third-Party Supplier: the Customer shall be responsible for arranging to terminate its service for applicable Accounts with its Third-Party Supplier and for the transfer of service to Authority, which termination shall, in the ordinary case, be in accordance with the terms of the Customer’s service agreement with its Third-Party Supplier, and which transfer should be in accordance with the Service Agreement.

(c) Customer must, to the extent practicable notify Authority in advance of any transfer of service for applicable Accounts from Utility or a Third-Party Supplier to Authority or initiation of service that it desires to be made, but in no event will such notice be less than 30 days.

(d) Customer shall be subject to compliance with all applicable service connection and other requirements of Utility concerning initiation or modification of service as would apply to a similarly situated customer under Utility's applicable tariffs.

2. Provision of Delivery Service

Utility has agreed (in the Service Agreement) to accept power and energy from Authority, and to deliver such power and energy to Customer at such delivery points as the Utility will specify within its franchise area, utilizing Utility's transmission and distribution facilities as available for that purpose. Under the Service Agreement:

(a) Utility and/or Customer may, from time to time, be required to install new or enlarged facilities within the franchise area to serve Customer;

(b) Customer is required to coordinate directly with Utility for each requirement for a new delivery point or for enlarged or altered service at any existing delivery point including reinforcement, maintenance or removal applicable thereto;

(c) any new, enlarged or altered service or facilities that Utility supplies to its own customers under its effective service schedule or schedules without compensation additional to the standard rate for service shall be similarly available to Customers without payment of compensation beyond the standard rate for Delivery Service provided for that class of Authority customers; and
(d) when the Delivery Service requires facilities for which Utility normally would make a special charge to its own customers or would require the customer to make the installation, Utility shall specify, after discussion with Authority, the additional compensation Customer shall pay to Utility which shall not exceed the compensation which would be payable by a customer of Utility in comparable circumstances; or Customer shall install the needed facilities which shall conform to Utility's specifications and Utility shall permit their connection to its system in accordance with Utility's specifications.

3. Temporary Service

Temporary service, if provided to prospective customers that may become Accounts of Customers, will not be the responsibility of Authority. Upon installation of the permanent service connection, service to the Account(s) shall be transferred to Authority in accordance with subsections 1 and 2 above and only then shall such Account(s) be the responsibility of Authority.

4. Initiation, Continuance, and Termination of Service

(a) Unless otherwise provided in the Agreement, the following provisions concerning continuance and termination of Service shall apply:

  a) Initiation of service will be upon approved application of Customer, under the procedures specified in the Rules.
  b) Once initiated, service will continue until cancelled or terminated by Authority pursuant to required notice as provided in the Rules.
  c) Customer may terminate service at any time after one year's service on written notice to Authority at least thirty six months in advance.

(b) Customer may effect a partial termination or reduction of service if such partial termination or reduction results from Account turn offs; load management; or energy conservation.

(c) Customer shall notify Authority and Utility in writing in advance when service is to be discontinued at an existing Account. Customer shall provide the name and address, if known, of the succeeding owner or occupant of the Account location being discontinued. If Customer desires service from Authority at another location, Customer shall file a request for such service pursuant to Authority's requirements.
5. Transfer of Service

In the event that Customer discontinues Authority electric service in accordance with the provision of this Service Tariff entitled "Initiation, Continuance and Termination of Service", or Authority discontinues electric service to Customer, transfer of such service from Authority to a Third-Party Supplier or Utility shall be effected provided such Customer meets the Third-Party Supplier’s or Utility's prerequisites for electric service as set forth in such supplier's filed schedule for electricity service.

6. Redistribution of Electric Service

Customer may not resell, remeter (or submeter), or redistribute electric service to its tenants or occupants in the premises supplied by Authority, unless such is expressly authorized by the Authority and not violative of any applicable statutes, laws, rules or regulations.

F. Billing Demand

Except as otherwise agreed upon, for metered service the billing demand established during the billing period shall be the maximum 30 minute integrated demand for conventional service and the maximum 30 minute integrated demand during the On-Peak Demand period for TOD service. For unmetered service, the billing demand shall be determined by Authority.

G. Billing Period

Customer meters are generally scheduled to be read by Utility and bills rendered by Authority on a monthly basis, approximately thirty (30) days.

H. Payment

1. Bills computed under this Service Tariff are due and payable at the office of Authority within ten (10) days of the date of bill, subject to late payment in accordance with provision 454.6 (b) of the Rules. In the event that there is a dispute on any item of a bill rendered by Authority, Customer shall pay such bill in its entirety within the prescribed period and any necessary adjustments will be made thereafter.

2. Payment of Estimated Bill: Whenever Utility is unable, for whatever reason, to record Customer’s meter information for any monthly billing period, Authority will render to Customer an estimated bill for service for such billing period, except in the case of TOD delivery charges. This bill will be due and payable in accordance with subsection (1) of this Provision H of this Service Tariff.

Once Customer’s meter is read then Authority will render to Customer an actual, final bill approximately twenty (20) days after the conclusion of the billing period in question. Any overpayment or underpayment by Customer for the previous estimated bill, as determined by the actual, final bill for such billing period, will be treated as a credit or charge towards the bill calculated for the succeeding billing period.

I. Apportionment of Charges When Customer Receives Production Service from the Authority and a Third-Party Supplier

If the total firm power and energy delivered to the Customer is provided partly by Authority and partly by a Third-Party Supplier, then the total charges to the Customer will be pro-rated accordingly (i.e., partly at Authority's rates and partly at Third-Party Supplier’s rates).
J. Customer Information for Supply Planning

Unless otherwise provided in the Agreement, Customer agrees to cooperate with Authority in providing information on future power and energy requirements as the Authority may request from time to time.

K. Bill Proration

If conditions warrant, consistent with billing system capability and information received from the Utility, the Authority may deem it necessary to apply demand bill proration.
VI. **Special Provisions Applicable to Production**

A. **Energy Charge Adjustment**

Unless alternative provisions are set forth in the Agreement with the Authority, the Customer shall be subject to a monthly Energy Charge Adjustment (“ECA”). Pursuant to the ECA, the Authority shall reconcile any variance between the actual costs incurred and the projected costs as described in Section VI.A.1.

1. Such costs subject to the ECA include, but are not limited to: costs and revenues associated with dedicated resources, purchased power energy, capacity, NYISO ancillary services, NYISO-Related charges, hedging costs, costs and rents associated with Transmission Congestion Contracts held by the Authority to serve the Customer, and fixed costs subject to reconciliation.

2. The ECA balance will be calculated each month and shall be equal to the difference between the actual costs incurred by Authority and the projected costs as described in Section IV.A.1. The ECA balance shall be converted into an ECA rate as follows:

\[
ECA \text{ rate} \ (\$/kWh) = \frac{ECA \ balance}{forested \ energy \ (kWh)}
\]

3. The monthly ECA rate, as described in Section VI.A.2, will be applied to the Customer’s billed energy in each billing period.

B. **Effective Date of Rates and Charges**

The foregoing rates and charges shall apply to any billing period that includes service on and after the effective date hereof, and are applicable for the entire billing period.

C. **NYISO-Related Charges**

Mechanisms to determine the Energy Charge Adjustment will account for all charges imposed upon Authority by the NYISO (or its successor) to serve the Customer including:

1. Charges for Ancillary Services 1 through 6 and any new ancillary services as may be provided in accordance with NYISO Tariffs;
2. Transmission Usage Charges (“TUC”) which are marginal losses and congestion costs;
3. The “NYPA Transmission Adjustment Charge” or “NTAC”;
4. Costs and rents associated with Transmission Congestion Contracts;
5. Any and all other charges, assessments, or other amounts associated with delivery of power sold to Customers by the Authority, or otherwise associated with the Authority’s responsibilities as a Load Serving Entity for Customers, that the NYISO assesses on the Authority under the provisions of the OATT or under other applicable NYISO Tariffs; and
6. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), 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.

The charges in this section shall be net of any NYISO credits or revenues.
D. Distribution Losses

The determination of the demand charge, energy charge and Energy Charge Adjustment shall account for distribution losses, which losses represent the difference between the power and energy supplied by Authority to the load bus and the power and energy received by Customers at the Account meter(s).

E. Production Rate Structure Updates

Annual updates to the Cost-of-Service, as set forth in the Agreement, shall permit the Authority to perform and to implement production rate updates on an annual basis in order to ensure that the production rate design remains cost-based. Such updates shall take into account changes in load profiles, cost allocators, marginal costs analyses reflecting Customer hourly load data and relevant charges imposed upon Authority by the NYISO, bill impacts, and Customer feedback. Nothing in this provision shall limit or expand the Authority’s ability under the Agreement to perform annual cost-of-service updates to the production rates.

F. Production Rate Development

To the extent that a new or existing NYPA Customer should take service under a service classification for which a rate has not been published in this Service Tariff, the Customer will be billed in accordance with the next most appropriate existing rate, determined at the discretion of the Authority, until an appropriate rate is developed. This includes service taken under Rider A Standby Rate.
VII. Special Provisions Applicable to Delivery Service

A. Rates and Charges

Delivery Service rates set forth in Section IV, Rates and Charges, of this Service Tariff are payable to Authority by Customer as reimbursement to Utility for the use of its facilities and for services rendered in conjunction with the delivery of power and energy.

Delivery Service charges, under this Service Tariff are subject, but not limited, to the following surcharges:

1. Gross Receipt Tax (GRT) Surcharge

   The charges for Delivery Service shall be increased by the applicable percentage rates set forth in the Statement of GRT Surcharge of this Service Tariff and by the applicable percentage rate of the taxes imposed by the State and/or the municipality where service is supplied on the revenues of the Utility providing Delivery Service. A copy of the current Statement of GRT Surcharge will be available upon request.

2. Delivery Revenue Surcharge

   The Delivery Revenue charge will collect Allowed Purse Base Revenue shortfalls that result from extension of the suspension period (January 2017), plus interest, over 11 months commencing February 1, 2017.

   The Authority allocates the charge, including GRT, to all governmental customers based on delivery amounts paid by governmental customers during the reconciliation period.

   Statement

   The total monetary amount, excluding GRT and KIAC, to be collected from or credited to all governmental customers is shown on the Statement of Delivery Revenue Surcharge. A copy of the current Statement of DRS will be available upon request.

3. Revenue Decoupling Mechanism (“RDM”) Adjustment

   The Revenue Decoupling Mechanism is applied to Utility delivery service to NYPA’s governmental customers. The RDM Adjustment is a six-month true-up between Pure Base Revenue (actual) and Allowed Pure Base Revenue (target). Annual Allowed Pure Base Revenue is revised whenever there is a change in delivery rates. Pure Base Revenue under P.S.C. No. 12 means revenue attributable to charges under Rates I, II, III and IV, except as specified in P.S.C. No. 12, Additional Delivery Charges and Adjustments (D)

   Mechanism

   Every month Utility reconciles the difference between actual Pure Base Revenue and Allowed Pure Base Revenue under P.S.C. No. 12. Except as indicated below, every six months the cumulative difference is charged or credited to the Authority, with interest, over the six-month period that commences two months later

   Commencing with January 2017 Pure Base Revenue monthly under/over collections will be allocated on a pro rata basis to NYPA and Kennedy International Airport Cogeneration Partners (“KIAC”) based on the ratio for the month of their respective actual Pure Base
Revenue to the total combined NYPA and KIAC actual Pure Base Revenue. The allocated monthly over/under collections will be accumulated during each RDM reconciliation period and used to calculate separate RDM Adjustments for NYPA and KIAC.

If the cumulative actual difference between actual Pure Base Revenue and Allowed Pure Base Revenue equals or exceeds $10 million under P.S.C. No. 12 plus P.S.C. No. 10 tariff before the end of six months, Utility may initiate collection or refund of RDM amounts prior to the onset of a six-month RDM collection/refund period or adjust the amounts to be collected or refunded for the remaining months of a RDM collection/refund period.

The monthly amount to be charged or credited are determined by dividing the amount to be charged or credited over the RDM collection/refund period divided by the number of months in the collection/refund period. For example, if an amount is to be charged over a six-month period, one-sixth of the amount will be billed monthly.

The Authority allocates the total RDM charge or credit, including GRT, to all governmental customers based on delivery amounts paid by governmental customers during the reconciliation period.

Statement

The total monetary amount, excluding GRT and KIAC, to be collected from or credited to all governmental customers is shown on the Statement of RDM Adjustment. A copy of the current Statement of RDM Adjustment will be available upon request.

4. 18-a Assessment Surcharge

On April 7, 2009, a change to Section 18-a of the Public Service Law (“PSL”) was signed into law, which entails a Temporary State Energy and Utility Service Conservation Assessment applicable to public utility companies’ revenues. This surcharge allows Utility to recover the 18-a Assessment on its delivery service revenues that is being passed on to the Authority.

Any difference between Section 18-a amounts to be recovered and actual amounts collected, excluding GRT, will be reflected in a subsequent period surcharge; provided, however, that any reconciliation amount required to be collected after the last year that the surcharge is in effect, will be deferred, plus working capital costs, for future disposition.

Utility allocates the 18-a Assessment Surcharge to NYPA based on the class contribution to Utility’s total electric revenues, including GRT.

The Authority allocates the total 18-a Assessment Surcharge, including GRT, to all governmental customers based on the period the allocation of the 18-a Assessment Surcharge is based on.

Statement

The total monetary amount, excluding GRT and KIAC, to be collected from all governmental customers is shown on the Statement of 18-a Assessment Surcharge. A copy of the current Statement of 18-a Assessment Surcharge will be available upon request.
5. Smart Grid Surcharge

As directed in Case 13-E-0030, the costs of Smart Grid project work have been moved into base delivery rates for all Utility customers. The Smart Grid Surcharge in effect for the ten months commencing March 2014 will reflect the following:

a) A refund of the revenue requirement associated with the units of project work that were surcharged through December 2013 but not placed in service during calendar year 2013.
b) A refund of Smart Grid amounts that were surcharged under this Service Tariff in January and February 2014; and
c) An adjustment that reconciles prior periods

The Authority allocates the total Smart Grid Surcharge, including GRT, to all governmental customers based on delivery amounts paid by governmental customers during the reconciliation period. A copy of the current Smart Grid Surcharge will be available upon request.

6. Reactive Power Demand Charge

The Reactive Power Demand Charge qualifying criteria and rates applicable to Customers billed under this Service Tariff are specified under the Common Provisions (Reactive Power Demand Charge) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. (P.S.C. No. 12). Reactive Power Demand Charges apply to customers served under Service Classifications 65, 68, 69, 82, 85, 91, 93 and 98.

7. Other Charges and Adjustments

In accordance with the New York State Public Service Commission’s approval of revised rates for the Utility in Case 13-E-0030, the Authority will be charged for Other Charges and Adjustments, as described in more detail below. These charges will be separately shown on the Utility’s Statement of Other Charges and Adjustments “(OTH Statement”) filed with the Public Service Commission.

a. Charge for Demand Management Programs

The Charge for Demand Management Programs will be applicable to Customers billed under this Service Tariff to recover program costs associated with Demand Management Programs by the Utility. These include incurred costs associated with the Commercial System Relief Program (CSRP) under Rider T, the Connected Devices Pilot, the Targeted Demand Side Management Program established in Case 09-E-0115, a portion of the net program costs (i.e., all program costs excluding Lost Reservation Payments under CSRP, and program costs of the Distribution Load Relief Program under Rider U, established in Case 10-E-0530.

The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s PSC No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the total Charge for Demand Management Programs, including GRT, to all governmental customers based on delivery amounts paid by
Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

b. Charge for PJM OATT Rates and Charges

The charge for PJM OATT rates and charges ("PJM OATT Charge") will be applicable to Customers billed under this service tariff to recover the costs associated with the 1,000 MW firm transmission service contract between PJM and the Utility. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s PSC No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the Charge for PJM OATT Rates and Charges, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

The Authority’s PJM OATT Charge is comprised of two components:

i) The PJM OATT rates and charges applicable to the period April 1, 2013 through December 31, 2013, net of the amount of Public Service Electric and Gas ("PSEG") wheeling charges reflected in rates during that period. This component reflects the Utility’s billed amounts under PSC No. 12 – Electricity over the 10 months commencing March 2014.

ii) The PJM OATT rates and charges applicable to the period commencing January 1, 2014. This component reflects the Utility’s billed amounts under PSC No. 12 – Electricity commencing March 2014, and will include an adjustment to recover over a three-month period the Utility’s rates and charges applicable to the period January and February 2014. This component of the Authority’s PJM OATT Charge will be capped at $4.6 million per the Utility’s Rate Year through December 31, 2016, unless this cap is extended by orders of the New York State Public Service Commission.

c. Charges Associated with the Brooklyn/Queens Demand Management Program

The charge will be applicable to Customers under this Service Tariff to recover costs associated with the Utility’s Brooklyn Queens Demand Management Program ("BQDMP"), until the costs are recovered through base rates. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for BQDMP, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.
d. **Charges to Recover Standby Performance Credits**

The charge will be applicable to Customers under this Service Tariff to recover the cost of Standby Performance Credits provided only to the Customers served under this Service Tariff and Service Tariff No. 200. The total amount of the charges applicable to Customers will be determined pursuant to the Utility’s General Rule 20.5.3 of the Schedule for Electricity in its P.S.C. No. 10. The Authority allocates the charge for the Credits, including GRT, to all of its Customers based on delivery amounts paid by the Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

e. **Charge to Recover Targeted Demand Management Program and Demonstration Projects**

A charge will be applicable to service under this Service Tariff to recover costs related to the Target Demand Management program and Reforming the Energy Vision Demonstration Projects, other than costs recovered in base rates. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for TDM and Demonstration Projects, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

f. **Contribution to Earning Adjustment Mechanisms (“EAMs”)**

Charges will be applicable under this Service Tariff to collect a portion of incentives earned by the Utility under the various EAMs. The amount to be collected is as follows: five percent of electric customers’ share of incentives earned under the Program Achievement based EAM associated with the Energy Efficiency targets; zero percent of the Program Achievement based EAM associated with the Energy Efficiency targets; a pro rate portion of electric customers’ share of incentives earned under all other EAMs. Incentives will be collected in equal increments over a 12 month period pursuant to the rate plan. The Authority allocates the charge for EAMs, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

A copy of the current statement of Other Charges and Adjustments will be available upon request.

g. **Charges for Cost Studies**

A charge will be applicable to service under this Service Tariff to recover PASNY’s allocation of costs to develop and apply a marginal cost study and electric customers’ share of costs for a Climate Change Vulnerability study. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for Cost Studies, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period.
delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

h. **Costs and Incentives Associated with Non-Wires Alternatives ("NWAs")**

A charge will be applicable to service under this Rate Schedule to recover PASNY’s allocation of costs for implementation of NWAs (adjusted for the carrying charge of any displaced capital project reflected in the Average Electric Plant in Service Balance that would otherwise be deferred for customer benefit), plus PASNY’s allocation of NWAs’ incentives earned by the Company. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for NWAs, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

i. **Charges for Recovery of Bill Credit Export-only Customers**

A charge will be applicable to service under this Rate Schedule to recover PASNY’s allocation of the cost of bill credits provided to export-only customers pursuant to Special Provision I of SC 11 of the Schedule for Electricity. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for Export Bill Credits, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

j. **Clean Energy Standard (CES) Delivery Surcharges**

A charge will be applicable to service under this Rate Schedule to recover PASNY’s allocation of two CES components: Tier 2 Maintenance Contracts and Backstop Charges. Estimated Tier II Maintenance Contracts will be collected over each 12 month period commencing April 1. Estimated Backstop Charges will be collected over one to twelve months. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C No 12 – Electricity rate schedule and the Utility total combined forecasted Rate Year Delivery Revenues for all its electricity customers. The Authority allocates the CES Charges, including GRT, to all of its Customers based on delivery amounts paid by Customer during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

k. **Value of Distributed Energy Resources (VDER) Costs**

Costs to recover the credits paid to Value Stack customers served under Rider R for the following components: the Value Stack Capacity Component, Out of Market Environmental Component, Demand Reduction Component, and the Locational System Relief Value Component. The portion of these costs allocated to NYPA will be determined
based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C No 12 – Electricity rate schedule and the Utility total combined forecasted Rate Year Delivery Revenues for all its electricity customers. The Authority allocates the VDER Charges, including GRT, to all of its Customers based on delivery amounts paid by Customer during the reconciliation period. A copy of the current statement of Other Charges and Adjustment will be available upon request.

B. Delivery Service Rate Schedule

1. Delivery Service under this Service Tariff is subject to the rules, regulations, terms, Common Charges, General and Special Provisions, and Additional Delivery Charges and Adjustments of the Delivery Service Rate Schedule (P.S.C. No. 12) of the Consolidated Edison Company of New York, Inc., on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II – Time-of-Day" or such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with Section V, General Provision A.2.

2. The applicable Special Provisions included in the Delivery Service Rate Schedule (P.S.C. No. 12) of Utility are incorporated by reference based on the service classifications in Section IV, Rates and Charges.

C. Adjustment of Charges

The charges for Delivery Service hereunder shall be subject periodically to an addition or deduction to reconcile the difference between the charges rendered to Authority by Utility for Delivery Service for Authority customers utilizing such Delivery Service and the charges billed by Authority to such customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for Delivery Service in a manner specified by Authority.

The charges for Delivery Service rendered under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to Authority by Utility (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

D. Proration of Monthly Rates and Charges

The foregoing rates and charges shall apply to service rendered hereunder on and after the effective date hereof. Where a bill includes periods before the effective date and after the effective date, the rates and charges applicable will be prorated based on the number of days of service rendered before the effective date and on and after the effective date related to the total number of days in the billing period.
E. Minimum Bill

Customers taking service under this Service Tariff are subject to Delivery Minimum Bill as specified in the General Provisions (Minimum Monthly Charge for Rate I and Rate II) of Delivery Service Rate Schedule of Consolidated Edison Company of New York Inc. (P.S.C. No. 12)

1. Each Month the Utility will determine for each Customer served under this Service Tariff:
   (a) Monthly pure base revenue, and
   (b) The Minimum Monthly Charge

   “Monthly pure base revenue” is equal to Customer’s Demand Charge excluding reactive power demand charges, without reference to the Minimum Monthly Charge, and exclusive of the Increase in Rates and Charges.

   “Minimum Monthly Charge” is equal to the Customer’s Contract Demand established by the Utility multiplied by 39 percent of the delivery service demand applicable to such Customer under applicable rate.

2. For any month in which the Minimum Monthly Charge exceeds the monthly pure base revenue, the Minimum Monthly Charge will be billed.

3. Where the Minimum Monthly Charge is billed, the Customer’s Demand Delivery Charge will be equal to the Minimum Monthly Charge plus reactive power demand charges and any other applicable charges.

Minimum Monthly Charge is applicable to all Customers except those subject to Rider A or Rider B of this tariff.

F. Seasonal Proration

When a bill includes periods during both the summer billing period and the winter billing period, the rates and charges applicable will be prorated based on the number of days in the summer billing period and the number of days in the winter billing period related to the total number of days in the billing period.

G. Billing Period Proration

Where Authority renders a bill for other than a 30 day period, the rates and charges will be prorated on the basis of the number of elapsed days divided by 30; except that a Customer, who terminates service less than 30 days after the commencement of service, will be billed for a month.

H. Delivery Service Rate True-up Mechanism

Delivery charges billed by the Authority to Customers are subject to annual true-up with the delivery charges billed by Utility to Authority inclusive of any discrepancies between the estimated billing, street lighting proration and minimum billing procedures of Authority and Utility. The Authority will perform the true-up each July for the 12-month period ending the preceding April, and will make any necessary refunds or surcharges as soon as practicable.

Notwithstanding the previous sentence, should the over/under recovery of the Utility’s delivery charges from Customers exceed a collar of $5 million at any time, a refund or surcharge will be passed on to Customers as soon as practicable.
I. Delivery Rate Development

To the extent that a new or existing NYPA Customer should take service under a service classification for which a rate has not been published in this Service Tariff, the Customer will be billed in accordance with the next most appropriate existing rate, determined at the discretion of the Authority, until an appropriate rate is developed. This includes service taken under Rider A Standby Rate.

J. Rights

Nothing in this Service Tariff is intended to change, alter or diminish any of the rights, privileges or benefits inuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Utility and/or any other power supplier (other than Authority) which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for Delivery Service provided by Utility or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
SUPPLEMENTAL LONG TERM POWER SUPPLY AGREEMENT

This SUPPLEMENTAL LONG TERM POWER SUPPLY AGREEMENT ("Agreement") dated as of _____________, 2018, by and between the Power Authority of the State of New York, a corporate municipal instrumentality and political subdivision of the State of New York created by the Legislature of the State by Chapter 772 of the Laws of 1931, as amended ("NYPAP") and the New York State Office of General Services, an agency of New York State ("OGS"). NYPAP and the OGS are referred to herein collectively, as the "Parties" and individually, as a "Party".

RECATIALS

WHEREAS, pursuant to the Application for Service between NYPAP and OGS dated September 22, 1976 ("Application for Service") and attached hereto as Exhibit B, NYPAP supplies electricity to OGS;

WHEREAS, effective as of August 23, 2005, the Parties entered into an agreement to supplement the Application for Service (the "2005 Agreement"); and

WHEREAS, the Parties wish to incorporate certain supplemental terms and conditions to the Application for Service and enter into this Agreement which supersedes and replaces the 2005 Agreement.

NOW, THEREFORE, in consideration of the agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

1.1. Definitions. Capitalized terms used in this Agreement not otherwise defined herein have the respective meanings set forth in Exhibit A, which is incorporated herein as if fully stated.

ARTICLE II
ELECTRIC SERVICE

2.1. Provision of Services. NYPAP agrees that it will continue to provide electricity for OGS, and OGS agrees to remain a customer of NYPAP subject to the terms set forth herein. OGS will take delivery service of electricity from Consolidated Edison Corporation of New York, Inc. ("Con Edison") via Con Edison's NYPAP Tariff, or its successor. Unless subsequently agreed in writing between NYPAP and OGS, NYPAP will only charge OGS for costs incurred by NYPAP to provide power to OGS, as such costs are specifically identified in this Agreement.

2.2. Additional Service Conditions. The Parties agree to the following additional conditions in relation to the provision of service:
(a) Subject to the specific provisions hereof, OGS shall be a full requirements electricity customer of NYPA during the Term, as defined in Article III;

(b) OGS agrees to pay for its share of the Fixed Costs and Variable Costs offset by revenues of NYPA’s 500 Megawatt Combined Cycle Power Plant ("500 MW Plant");

(c) OGS agrees to pay for its share of NYPA’s LSE Cost as set forth in Section 4.1;

(d) During the Term of this Agreement, and subject to the terms and conditions set forth herein, NYPA will continue to provide substantially all of OGS’ SENY In-City, Rest-of-State, and other energy and capacity needs in New York State, as well as the services set forth in Schedule A; and

(e) Subject to any applicable regulatory and statutory compliance, OGS, at its option, may work with NYPA to structure hedges for its portfolio, as provided in Section 5.9 below.

ARTICLE III
TERM AND TERMINATION

3.1. Term. This Agreement shall be effective upon approval by NYS Office of the State Comptroller ("Effective Date"). The term of this Agreement shall commence on the Effective Date, subject to all authorizations required under Section 6.2, and shall remain in full force and effect until December 31, 2027 (the "Term").

3.2. Termination. This Agreement shall terminate before the expiration of the Term in accordance with the following:

(a) OGS may terminate this Agreement at any time during the Term, provided that (i) it has fully paid any outstanding Financial Obligations prior to the termination date, and (ii) provides NYPA at least twelve (12) months prior written notification;

(b) Either Party may terminate this Agreement with a termination date effective December 31, 2022, by giving the other party at least six (6) months prior written notification; and

(c) The Parties agree that OGS will pay any and all outstanding Financial Obligations owed by OGS under this Section 3.2 in accordance with NYS Finance Law Article XI-A.

3.3. Effect of Termination. In the event of a termination of this Agreement, whether as a result of an expiration of its Term or the exercise of either Party of its right to terminate, a full accounting shall be made between the Parties and all accounts settled between them in accordance
with Section 3.2(c), or as agreed by the Parties in writing. In no event shall any termination affect the rights and obligations of the Parties arising prior to the date of such termination.

ARTICLE IV
FIXED, VARIABLE AND OTHER COSTS

4.1. Fixed Costs.

(a) Fixed Costs shall be fixed at an annual amount of one hundred and five million U.S. Dollars ($105,000,000) for the first five (5) years of this Agreement. OGS' Allocated Share of total annual Fixed Costs will be allocated to OGS based on the average of the calendar years 2015 and 2016 D9 Allocators. The Allocated Share of Fixed Costs for OGS is 3.4 percent and will remain fixed in calendar years 2018 through 2020. In calendar year 2020, the Allocated Shares will be revised for use in calendar years 2021 through 2022 using the average of the D9 Allocators in calendar years 2018 and 2019. If OGS' share of NYPA's 500 MW Plant is reduced or offset as set forth in Sections 5.5 or 5.6 herein, OGS' share of the ninety-seven million U.S. Dollars ($97,000,000) of Fixed Costs and Variable Costs associated with the 500 MW Plant will be decreased proportionately based on the amount of OGS' offset, on the date OGS' offset becomes effective. NYPA's LSE Cost is included in Fixed Costs and fixed at eight million U.S. Dollars ($8,000,000) annually. NYPA's LSE Cost will remain the same for each of the five (5) years from the Effective Date, and OGS will continue to be responsible for its Allocated Share (3.4 percent) of the LSE Cost irrespective of any potential decreased allocation associated with the 500 MW Plant. Schedule B, attached hereto, contains illustrative descriptions of the Fixed Cost allocation under the initial allocation and under revised allocation scenarios described in Section 4.1(b). Fixed Costs include all services currently provided by NYPA to OGS, as specifically set forth in Schedule A, and any other services required by mutual agreement, or as otherwise set forth in the Agreement, including the provision by NYPA to OGS of the Annual Staff Report, the Annual Cost of Service Report, the Annual Estimated Savings Report, the Monthly Variance and ECA Report, and the Monthly Portfolio Price Risk and Position Report and Market Update Report. The Fixed Costs explicitly exclude the costs described in Sections 4.3 and 4.6 as well as the items listed in Schedule C and Schedule D, annexed hereto. OGS' Allocated Share of any costs identified in Schedule D is 3.4 percent through December 31, 2020, and subject to change thereafter, as defined herein. No Fixed Costs other than those referenced explicitly in this Agreement shall be billed to OGS without its express written consent.

(b) In the event that one or more of the NYC Governmental Customers relinquishes a portion of, or its entire Allocated Share (a "Relinquished Allocated Share"), the Relinquished Allocated Share will be offered to NYC Governmental Customers as follows:
i. If only one NYC Governmental Customer elects to take a Relinquished Allocated Share, NYPA will redistribute such Relinquished Allocated Share to that customer, as illustrated in Scenario 3 of Schedule B.

ii. If more than one NYC Governmental Customer elects to take a Relinquished Allocated Share, such Relinquished Allocated Share will be distributed amongst those NYC Governmental Customers according to their respective Allocated Shares in effect at the time immediately prior to when the Relinquished Allocated Share becomes available, as illustrated in Scenario 4 of Schedule B.

iii. If none of the NYC Governmental Customers elects to take a Relinquished Allocated Share, NYPA will be responsible for the costs and will receive the revenues associated with that unclaimed Relinquished Allocated Share, as illustrated in Scenario 2 of Schedule B.

iv. During the calendar year 2020 process of revising the Allocated Shares for use in the calendar years 2021 and 2022, in revising the D9 Allocators pursuant to Section 4.1(a), any unclaimed Relinquished Allocated Share(s) as described under Section 4.1(b)(iii) will be used by NYPA as a substitute for determining the calculation of the NYC Governmental Customers’ total Allocated Shares, as illustrated in Scenarios 5 and 6 of Schedule B.

4.2. Billing of Fixed Costs. On an annual basis, OGS’ Allocated Share of the Fixed Costs shall be apportioned between OGS sub-agencies, if applicable, based on the prior year’s annual energy (kWh) E1 Allocator. Monthly charges will further be apportioned to account-level detail based on the prior billing period’s energy usage. The annual amount will be represented as a fixed monthly charge on OGS’ bill. The Fixed Cost allocation to the account level will not be subject to any future billing adjustments related to energy re-bills. NYPA may charge OGS separately for any incremental costs associated with a change in the methodology requested by OGS. OGS shall provide NYPA twelve (12) months prior written notice for such changes.

4.3. Additional Reports Not Covered Under Fixed Costs. Upon written request by OGS, NYPA will perform additional reports, studies or analyses not contemplated under Fixed Costs. To the extent that NYPA can demonstrate that such reports, studies or analyses impose incremental costs, NYPA may charge OGS separately for such incremental costs.

4.4. Variable Costs and Revenues. Variable Costs and revenues shall continue to be passed-through, at cost, based on OGS’ energy or capacity usage assessed by the NYISO or the appropriate allocators, where applicable, as shown in Schedule F, herein. The allocated shares will remain fixed for calendar years 2018-2020 and will be revised for 2021 and 2022 when the Fixed Cost Allocated Shares are revised pursuant to Section 4.1. Any purchases of energy, capacity, or ancillary services described in Sections 5.5 and 5.6 shall be considered Variable Costs authorized by the OGS. An illustrative example of Variable Costs is annexed hereto as Schedule F. No Variable Costs other than those referenced explicitly in this Agreement shall be billed to OGS without its express written consent.
4.5. Renegotiation and Allocation of Fixed and Variable Costs. No later than January 1, 2022, the Parties shall initiate a six (6) month process to determine the Fixed Costs and OGS’ allocation or portion of Variable Costs for years six (6) to ten (10) of this Agreement. If this process is unsuccessful, either Party has the option to terminate the Agreement pursuant to Section 3.2(b).

4.6. Transitional Costs. Transitional Costs consist of certain costs incurred in calendar years 2016, 2017, and 2018, as well as OGS’ final contributions associated with the decommissioning of the Poletti and Kensico plants, as fully set forth and as specified and quantified in Schedule C annexed hereto. OGS shall pay NYPA OGS’ share of such Transitional Costs in equal monthly payments over a three (3) year period, starting on the Effective Date. OGS’ share of the Transitional Costs is 3.4 percent, with the exception of “Asset Retirement - Kensico (2018-2022)”, of which OGS’ share is 3.1 percent.

4.7. Delivery Surcharge Exemptions and Costs for Third Party Services. Delivery surcharge exemptions applicable to NYC Governmental Customers will continue as is, unless and until modified by the New York State Public Service Commission (“Commission”), provided that, as part of the services covered by the Fixed Costs, NYPA will actively seek to protect such exemptions in proceedings before the Commission consistent with past practices. Costs for Third-Party Services to support positions taken by NYPA on behalf of OGS are subject to OGS’ prior approval. NYPA and OGS will work together to determine whether any Third-Party Services provide incremental benefit to OGS given its own rate case representation. If OGS approves such Third-Party Services, these costs will be excluded from the Fixed Costs and recovered consistent with Schedule D. If OGS does not approve such Third-Party Services, NYPA and OGS will collaborate to coordinate their respective positions. OGS’ Allocated Share of any costs identified in Schedule D is 3.4 percent through December 31, 2020, and subject to change thereafter pursuant to Section 4.1.

4.8. Zero Emission Credits and Con Edison Charges. Applicable Zero Emission Credits and Con Edison delivery charges will continue to be passed-through at cost, without mark-up. To the extent that any charges are collected hereunder and thereafter refunded, such refunds will be passed back to OGS as they are received by NYPA, without interest.

ARTICLE V
ADDITIONAL COVENANTS

5.1. Rate Design Study and New Tariffs. By no later than July 1 of each year during the Term of this Agreement, OGS shall provide NYPA with a forecast of any load increases or decreases expected for the upcoming calendar year. Based on a market snapshot derived during the month of September, NYPA will develop a final Cost-of-Service for the upcoming calendar year. The Cost-of-Service shall be prepared by the end of the second week in November of each year during the Term, using the projected Variable Costs and the agreed upon Fixed Costs. NYPA tariff rates will continue to be set annually for Variable Costs. NYPA will provide OGS with reports as described in the definition of Fixed Costs, including line items indicating the Cost-of-Service for the following year.
5.2. **Pro-Rata Share of UCAP.** OGS will receive a pro-rated share of the In-City UCAP provided by the 500 MW Plant, or other resources if necessary, which is equivalent to minimums of 504 MW of UCAP in the NYISO winter capability period and 449 MW of UCAP in the NYISO summer capability period. OGS’ share of the 500 MW Plant UCAP is determined by the D9 Allocator and currently is 17 Winter MW and 15 Summer MW. The D9 Allocator is subject to adjustment pursuant to the terms set forth herein.

5.3. **Debt Service.** The debt service included in the Fixed Costs for the 500 MW Plant during the Term of this Agreement shall be at the levels attached hereto as Schedule “H” for reference.

5.4. **AEII Plant Agreement and Hydroelectric Facilities.**

(a) The Astoria Energy II (“AEII”) plant will continue to support the supply of energy and capacity to OGS. Costs for the AEII plant will be recovered pursuant to the existing separate agreement covering AEII, as further described in Section 6.1.

(b) The upstate hydroelectric facilities (Ashokan, Crescent, Jarvis, Vischer Ferry, and Blenheim-Gilboa) are eliminated from OGS’ portfolio of dedicated resources and the costs associated with these facilities will not be charged to OGS.

5.5. **Purchase of Renewable Market Products.** The Parties will pursue short-term and long-term renewable options for the benefit of OGS. The Parties will modify this Agreement, in accordance with Section 6.6, to account for any purchases of such renewable resources elected by OGS. The ten (10) percent cap set forth in Section 5.6 below shall not apply to purchases under this Section. Any purchases of renewable market products (e.g., energy, capacity or ancillary services) by OGS, or by NYPA on behalf of OGS, during the Term will offset NYPA provision of equivalent market products. The Parties agree that OGS will pay any and all Financial Obligations owed by OGS arising from such renewable market purchases. Purchases by NYPA for OGS pursuant to this Section shall be subject to NYPA’s procurement guidelines and statutory authority. The Parties further agree in relation to this Section:

(a) OGS will provide written notice to NYPA of its decision to purchase renewable market products hereunder at least one hundred and fifty (150) days prior to OGS’ proposed date for deliveries of such products to commence, and OGS and NYPA will engage in a collaborative process to allow for NYPA to offset its provision of equivalent market products effectively. OGS shall designate the market products that are part of its supply portfolio that will be offset by renewable resources during this collaborative process.

(b) Renewable Energy Credits associated with renewable market product purchases hereunder shall belong to OGS in order to meet New York State renewable energy goals.
(c) Offsets from the 500 MW Plant as a result of the purchase of renewable resources hereunder shall reduce OGS’ Allocated Share of Fixed Costs associated with the 500 MW Plant and Variable Costs, and will contemporaneously reflect the percent by which its purchases are reduced, consistent with Sections 4.1 and 4.4 above.

(d) Once a reduction has been effectuated, upon request by OGS, NYPA will offer back such offsets or reductions of the 500 MW Plant to OGS, consistent with the terms in Sections 4.1 and 4.4, unless NYPA is negotiating a contract for, or has contracted for, the sale of the offset capacity and/or energy from the 500 MW Plant to another party, and as illustrated by the calculation example in Schedule B.

5.6. Right to Purchase Capacity/Electricity. Subject to OGS paying the cost of its Financial Obligations, and provided that it gives NYPA at least six (6) months prior written notice, OGS shall have the right to (a) directly purchase, in aggregate, up to 10 percent of its electricity requirements during the Term (in one or more increments) from another entity; or (b) consistent with NYPA’s procurement guidelines and statutory authority, OGS may authorize NYPA to purchase up to 10 percent of OGS’ requirements from a specific supplier, which shall be passed through at cost, plus incremental costs incurred by NYPA and agreed to by OGS related to scheduling, dispatching or settlement of loads between NYPA and the new supplier. If OGS makes such election to purchase under this Section 5.6, its Allocated Share of Fixed Costs associated with the 500 MW Plant and Variable Costs shall be reduced contemporaneously to reflect the percent by which its purchases are reduced, consistent with Sections 4.1 and 4.4, above. Notwithstanding anything herein to the contrary, the 10 percent limitation shall not apply to clean on-site or renewable generation projects, which OGS may pursue without limitation.

5.7. Pro-Rata Share of Transmission Congestions Contracts. Expiring Grandfathered Transmission Congestion Contracts (“TCCs”) 189.2 and 190.2 under NYISO Open Access Transmission Tariff Schedule “L” (the “Lower Path”) were converted to Historic Fixed Price Transmission Congestion Contracts (“HFPTCCs”) in 2017. Consistent with NYISO notices and rules, OGS received its pro-rated share of such Lower Path HFPTCCs, 17 MW. NYPA is recovering the costs associated with OGS’ share of the 2017 HFPTCCs during 2017. Unless terminated at OGS’ request based on annual election, Lower Path HFPTCCs will remain in place during the Term of this Agreement, and costs for such HFPTCCs in subsequent years will be recovered in equal monthly amounts during each calendar year of the Term. Should Grandfathered TCC numbers 189.1 and 190.1 under NYISO Open Access Transmission Tariff Schedule “L” (the “Upper Path”) expire during the Term hereof, NYPA will endeavor to convert such Upper Path TCCs to HFPTCCs. If successful, NYPA will offer OGS its pro-rated share of such TCCs in the same manner as described for the Lower Path HFPTCCs above, with interest, at the then current One-Year U. S. Treasury Bill Interest Rate. Each year NYPA will provide a projected cost/benefit analysis of the HFPTCC option at least two (2) months prior to when OGS has to (a) elect to purchase Upper Path HFPTCCs, or (b) terminate all or a portion of existing Lower or Upper Path HFPTCCs. If available, OGS will have the option to purchase any HFPTCCs not purchased by other NYC Governmental Customers.
5.8. **Energy Charge Adjustment.** Variable Costs under Section 4.4 of this Agreement will be billed to OGS via monthly energy rates. Any variance between projected and actual costs shall be reconciled through the Energy Charge Adjustment ("ECA") mechanism.

5.9. **Hedge Options.** At OGS' sole option, hedges may be developed through a consultative process with NYPa. Hedging Options include features such as caps, collars or other risk management techniques (to the extent consistent with the risk management policies adopted by NYPa's Board of Trustees) specified by OGS. OGS may specify for modeling purposes the levels, confidence levels, volatility bands, and other parameters for each hedging option. The risk management strategies shall be designed to reduce potential volatility in variable fuel, purchased power, ancillary services, and other NYISO-related costs and off-setting revenues. Hedging Costs will be passed-through the ECA to OGS as a Variable Cost. All hedging risks shall be borne by OGS.

5.10. **Most Favorable Terms.** Upon one hundred and twenty (120) days' notice prior to each start of the calendar year, up to and including year five of this Agreement, OGS may elect to receive service under such price and other terms equivalent to the most favorable terms offered by NYPa to any similarly-situated NYC Governmental Customers listed within Schedule G ("Comparable Customer"). Such comparable price and terms shall include the Fixed Costs, Transitional Costs, Sections 4.1 and 4.6 and Schedules A and C, and/or any discounts on Variable Costs offered to a Comparable Customer, other than hedges or power supply procured by the Comparable Customer or by NYPa at the direction of the Comparable Customer. If OGS exercises this option for such other terms and conditions, OGS shall be required to accept all the terms applicable to such other customers (including the period of time to which they apply).

**ARTICLE VI**

**MISCELLANEOUS**

6.1. **2005 Agreement**

(a) Except as set forth in subpart (b) of this Section 6.1, this Agreement fully supersedes and replaces the 2005 Agreement, including the following provisions:

i. The O&M Reserve Charge;
ii. The 80/20 voting rule; and
iii. Existing caps on the installation of clean on-site or renewable resources.

(b) Notwithstanding the provisions of subpart (a) of this Section 6.1, or any other provision of this Agreement, the "Agreement Implementing Article XI of 2005 Agreement Concerning New Long-Term Supply Contract (RFP #5)" executed on July 10, 2008, ("2008 Agreement") shall survive and remain in full force and effect with respect to NYPa's arrangements with AEII and the obligations of the "Customers", as defined in the 2008 Agreement.
6.2. **Approvals.** The execution of this Agreement will be contingent on the approval of the New York State Attorney General, the New York State Office of the Comptroller, and by NYPa’s Board of Trustees.

6.3. **Notices.** All notices and other communications required or permitted to be given under this Agreement will be in writing and deemed to have been given: (i) one (1) business day after being delivered by hand; (ii) five (5) business days after being mailed first class or certified with postage paid; (iii) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification or receipt; (iv) on the date of transmission when sent by electronic mail or facsimile (with receipt of confirmation of transmission), if sent during normal business hours of the recipient, or if not, then on the next business day; or (v) on the date of rejection or refusal of such notice or other communication:

If to NYPa, to:

Power Authority of the State of New York  
123 Main Street  
Mail Stop 10  
White Plains, NY 10601  
Attn: Keith T. Hayes, Vice President, Economic Development

With copies to (at the same address):

Javier E. Buccbo, Principal Attorney

If to OGS, to:

New York State Office of General Services  
Corning Tower, 32nd Floor, Empire State Plaza  
Albany, NY 12242  
Attn: Brian C. Matthews, Chief Financial Officer

6.4. **Expenses.** Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in anticipation of, relating to and in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby.

6.5. **Digital Certificate.** In lieu of a digital certificate, NYPa shall provide, upon written request, NYISO DSS reports to OGS regarding its Schedule E load bus data.

6.6. **Recitals.** The recitals to this Agreement are true and correct and incorporated herein by this reference.

6.7. **Amendments and Waiver.** This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party and approved
by the NYS Office of the State Comptroller. Any failure of a Party hereto to comply with any obligation, covenant, agreement or condition herein, may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver.

6.8. **Entire Agreement.** This Agreement including the Exhibits and Schedules attached hereto and the Application for Service, contains the entire agreement among the Parties with respect to the transactions contemplated hereby and supersedes all previous oral negotiations, commitments, understandings and agreements. This Agreement also may be subject to other applicable tariffs including, but not limited to, the NYP Tariffs and Rules and Regulations. In the event of any conflicts in the terms of this Agreement and the NYP Tariffs or Rules and Regulations, or any other agreements arising therefrom, this Agreement shall control.

6.9. **Further Assurances.** The Parties agree to cooperate fully and execute all supplementary documents and take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

6.10. **Assignment: Binding Effect.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned by either Party by merger, operation of law or otherwise without the prior written consent of the other Party.

6.11. **Headings.** The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

6.12. **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, provided that the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby; (a) such provision will be fully deemed severable, and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (b) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (c) in lieu of such illegal, invalid or unenforceable provision, the Parties will endeavor to add to this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

6.13. **Construction.** This Agreement is the product of negotiation and joint effort between the Parties hereto. Accordingly, the language, terms and conditions of this Agreement shall not be construed more strictly against either of the Parties in the event a question of interpretation, construction or meaning should hereafter arise.

6.14. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

6.15. **Dispute Resolution.** The Parties shall use good faith efforts to settle all disputes arising under this Agreement. In the event that a dispute cannot be resolved in the normal course of business, there will be an attempt to resolve the dispute by negotiation between representatives.
who have the authority to settle the controversy. The Parties reserve the right to seek judicial relief at any time.

6.16. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Signatures conveyed via facsimile or by other electronic means shall have the same force and effect as delivery of a manually executed counterpart of this Agreement.

6.17. **Confidentiality.** To the extent permitted by law, each Party agrees to keep confidential and not to disclose to third parties any non-public information provided by the other Party or learned by the other Party during the performance of this Agreement, unless the receiving Party has received the prior written consent of the disclosing Party to make such disclosure. It is understood that the Public Officers Law and other statutes and regulations regarding Freedom of Information may require the disclosure of information in certain situations. This provision shall survive the expiration and/or termination of this Agreement. NYPA represents that all of its operations are compliant with all federal, state and local laws, rules and regulations pertaining to the privacy and/or security of personal and confidential information.

6.18. **Order of Precedence.** In the event of any discrepancy, disagreement or ambiguity between this contract agreement and any appendices, schedules or exhibits the documents shall be given preference in the following order to interpret and to resolve such discrepancy, disagreement or ambiguity:

i. Appendix A – Standard Clauses for New York State Contracts
ii. This contract agreement including Appendix B – MWBE and EEO Requirements, Appendix C – Insurance Requirements and Exhibit A - Definitions

6.19. **Executory Clause.** This Agreement shall be deemed executory only to the extent of money available to the State for performance of the terms hereof and no liability on account thereof shall be incurred by the State of New York beyond moneys available for purposes thereof.

6.20. **Prior Claims.** Nothing contained herein shall be read to preclude either Party from asserting claims or bringing actions related to service and/or bills rendered prior to the Effective Date of this Agreement.

6.21. **Independent Contractor.** It is understood and agreed that the legal status of the Contractor, its subcontractors, agents, officers and employees is that of an independent contractor and in no manner shall they be deemed employees or agents of the State of New York and, therefore, are not entitled to any of the benefits associated with such employment or designation.
6.22. **Appendix A.** Appendix A, Standard Clauses for New York State Contracts, attached hereto, is hereby expressly made a part of this Agreement as fully as if set forth at length herein.

6.23. **Assignment by State.** The State agrees not to assign this Agreement without prior notice to and reasonable consent of the Contractor provided, however, that this Agreement may be assigned without such consent to another agency or subdivision of the State pursuant to a governmental reorganization or assignment of functions under which the pertinent functions of OGS as an agency are transferred to a successor agency or subdivision of the State.

6.24. **Participation Opportunities For New York State Certified Service-Disabled Veteran-Owned Businesses.** Article 17-B of the New York State Executive Law provides for more meaningful participation in public procurement by certified Service-Disabled Veteran-Owned Businesses (“SDVOBs”), thereby further integrating such businesses into New York State’s economy. OGS recognizes the need to promote the employment of service-disabled veterans and to ensure that certified service-disabled veteran-owned businesses have opportunities for maximum feasible participation in the performance of OGS contracts.

In recognition of the service and sacrifices made by service-disabled veterans and in recognition of their economic activity in doing business in New York State, Bidders/Contractors are strongly encouraged and expected to consider SDVOBs in the fulfillment of the requirements of the Contract. Such participation may be as subcontractors or suppliers, as protégés, or in other partnering or supporting roles.

For purposes of this procurement, OGS conducted a comprehensive search and determined that the Contract does not offer sufficient opportunities to set specific goals for participation by SDVOBs as subcontractors, service providers, and suppliers to Contractor. Nevertheless, Bidder/Contractor is encouraged to make good faith efforts to promote and assist in the participation of SDVOBs on the Contract for the provision of services and materials. The directory of New York State Certified SDVOBs can be viewed at: [http://ogs.ny.gov/Core/docs/CertifiedNYS_SDVOB.pdf](http://ogs.ny.gov/Core/docs/CertifiedNYS_SDVOB.pdf)

Bidder/Contractor is encouraged to contact the Division of Service-Disabled Veteran’s Business Development at 518-474-2015 to discuss methods of maximizing participation by SDVOBs on the Contract.

[Signature page follows]
IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the date first above written.

POWER AUTHORITY OF THE STATE OF NEW YORK

By: [Signature]
Name: Keith T. Hayes
Title: Vice President, Economic Development

NEW YORK STATE OFFICE OF GENERAL SERVICES

By: [Signature]
Name: [Name]
Title: [Title]

APPROVED AS TO FORM
Barbara D. Underwood
Attorney General

APPROVED
Thomas P. DiNapoli
State Comptroller
STATE OF NEW YORK)
) ss.:
COUNTY OF WESTCHESTER)

On the 27th day of July, 2018, in the year 2018, before me, the undersigned, personally
appeared Keith T. Hayes, personally known to me or proved to me on the basis
of satisfactory evidence to be the individual whose name is subscribed to the within instrument
and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her
signature on the instrument, the individual, or the person upon behalf of which the individual
acted, executed the instrument.

[Signature]

Notary Public, State of New York

EILEEN P. FLYNN
Notary Public, State Of New York
Qualified In Westchester County
No. 02FL006629
Commission Expires November 30, 2018

STATE OF NEW YORK)
) ss.:
COUNTY OF ALBANY)

On the ______ day of _______ in the year 2018, before me, the undersigned, personally
appeared ___________________________ personally known to me or proved to me on the basis
of satisfactory evidence to be the individual whose name is subscribed to the within instrument
and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her
signature on the instrument, the individual, or the person upon behalf of which the individual
acted, executed the instrument.

[Signature]

Notary Public, State of New York
EXHIBIT A

DEFINITIONS


“2005 Agreement” has the meaning set forth in the Recitals of this Agreement.

“AEII” means the Astoria Energy II Power Plant, located at 17-10 Steinway Street in the Astoria section of Queens County, New York, which is covered under a separate agreement.

“Allocated Share”, with respect to OGS or any other NYC Governmental Customer for any period, means an assigned portion of a product (costs, revenues, MW, MWh, etc.) amount applicable to such a NYC Governmental Customer determined by the D9 Allocator as applicable with respect to such period in the manner set forth in Section 4.1.

“Application for Service” has the meaning set forth in the Recitals of this Agreement.

“Con Edison” means Consolidated Edison Company of New York, Inc.

“Con Edison’s NYP Tariff” means “P.S.C. No. 12 -- Electricity: The rate schedule of Consolidated Edison Company of New York Inc. Governing the Delivery Service applicable to Customers”, also known as “Schedule for PASNY Delivery Service” as approved by the New York State Public Service Commission, as it may be modified or superseded from time to time.

“Cost-of-Service” means a report or a model that denotes the projected costs, revenues and pricing of providing services associated with the electric commodity supply.

“D9 Allocator” means, for any year, the customer’s peak demand (kW) at the hour of NYISO peak, as defined by the NYISO, for the New York Control Area, as a proportion of the total peak demand of all NYC Governmental Customers listed in “Schedule Q”, at that same hour.

“E1 Allocator” means the customer’s total annual energy usage (kWh) as a proportion of the total of NYC Governmental Customers’ annual energy usage.

“Energy Charge Adjustment” or “ECA” means a monthly reconciliation mechanism that adjusts costs charged through base energy rates to actual costs incurred by NYPA, and subject to reconciliation.

“Effective Date” means the date of approval of this agreement by the New York State Office of the State Comptroller.

“Grandfathered Transmission Congestion Contracts” has the meaning set forth in the NYISO Open Access Transmission Tariff Schedule “K.”
“Financial Obligations” means all payments, costs and expenses arising under contracts entered into by NYPs at OGS’s direction, for which payment OGS is responsible.

“Fixed Costs” means all costs that are not Variable Costs, and includes all services currently provided by NYPs to OGS, as specifically set forth in Schedule A, and any other services required by mutual agreement or as otherwise set forth in the Agreement, including the provision by NYPs to OGS of the Annual Staff Report, the Annual Cost of Service Report, the Annual Estimated Savings Report, the Monthly Variance and ECA Report, and the Monthly Portfolio Price Risk and Position Report and Market Update Report. Fixed Costs explicitly exclude the items listed in Schedule D.

“Hedging Costs” means all the costs associated with the settlement of a hedging instrument that OGS elects under Section 5.9 and includes the monthly settlements as well as any premiums associated with the purchase of an options contract. NYPs reserves the right to pass-through any credit costs associated with the establishment and support of collateral and margin plus any broker fees and commissions.

“Hedging Strategies” is defined in section 5.9.

“Historic Fixed Price Transmission Congestion Contracts” has the meaning set forth in NYISO Open Access Transmission Tariff Schedule “M.”

“Load Serving Entity” or “LSE” means any entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the New York Control Area (“NYCA”), including an entity that takes service directly from the NYISO to supply its own load in the NYCA.

“NYC Governmental Customers” are listed in Schedule G of this Agreement.

“NYPs” has the meaning set forth in the Preamble of this Agreement.

“NYPs’s Board of Trustees” has the meaning as defined in the New York State Public Authorities Law.

“NYPs’s LSE Cost” represents the NYPs fee for providing services as OGS’ LSE, as of the Effective Date of this Agreement. The LSE Cost for NYC Governmental Customers is fixed for five (5) years from the Effective Date at eight million U.S. dollars ($8.0 million) annually.

“NYPs Tariff” means NYPs’s Service Tariffs for the provision of electricity service to the NYC Governmental Customers, as in effect on the Effective Date of this Agreement or as thereafter revised.
“New York Independent System Operator” or “NYISO” means the entity that monitors the reliability of the state’s power system, and which coordinates the daily operations to distribute electricity supply that flows through New York State.

“One-Year U. S. Treasury Bill Interest Rate” means the rates published by the U.S. Department of the Treasury, as obtained by the Federal Reserve Bank of New York at approximately 3:30 PM each business day.

“Renewable Energy Credits” has the meaning as defined by the New York State Public Service Commission.


“Third-Party Services” has the meaning set forth in Schedule D of this Agreement.

“Transitional Costs” has the meaning set forth in Schedule C of this Agreement.

“Unforced Capacity” or “UCAP” means the measure by which Installed Capacity Suppliers will be rated, in accordance with formulae set forth in the NYISO Procedures, to quantify the extent of their contribution to satisfy the NYCA Installed Capacity Requirement, and which will be used to measure the portion of that NYCA Installed Capacity Requirement for which each LSE’s is responsible.

“Variable Costs” means all (i) costs that are not Fixed Costs and include the expected cost of fuel, purchased power, hedging costs incurred by NYPa to serve OGS, ancillary services and other NYISO-related charges; minus (ii) NYISO-related or other revenues from sales of capacity, energy or ancillary services associated with the 500 MW Plant. Variable Costs will also include any incremental costs incurred by NYPa as a result of additional resources procured by NYPa for OGS pursuant to this Agreement, including costs arising from the purchase transactions required as a result of such procurements made at OGS’ directive. An illustrative example of Variable Costs is provided on Schedule F.

“Zero Emission Credits” has the meaning as defined by the New York State Public Service Commission.
POWER AUTHORITY OF THE STATE OF NEW YORK
10 COLUMBUS CIRCLE, NEW YORK, N.Y. 10019

APPLICATION FOR ELECTRIC SERVICE

STATE OF NEW YORK, OFFICE OF GENERAL SERVICES (hereinafter called "Customer") hereby applies to POWER AUTHORITY OF THE STATE OF NEW YORK (hereinafter called "Authority") for firm power service under the Authority's applicable Service Tariff.

Customer understands:

(1) If this application is accepted by Authority, firm power and energy will be supplied to Customer to the extent that Authority determines that it has capacity available to provide such power and energy. Firm power and energy expected to be available for sale soon pursuant to the applicable tariff will become available in part when the Authority's Indian Point No. 3 generating plant reaches commercial operation and additional firm power and energy will become available when the Authority's Astoria No. 6 plant is also in commercial operation. Customers who receive power and energy pursuant to such tariff shall not be entitled to receive such power and energy from any particular plants. The Authority shall have the right to furnish the power and energy from any source available to it.

(2) Priority in the acceptance of application for the service requested in this application shall be given to the Metropolitan Transportation Authority, its subsidiary corporations, the New York City Transit Authority,
the Port Authority of New York and New Jersey, the City of New York, the State of New York, the United States, other public corporations within the metropolitan area of the City of New York within the State of New York and then to other exempt persons as defined in 26 U.S.C. 103 (c) (3), located in New York City and Westchester County to the extent feasible in accordance with Section 1005 of the Power Authority Act.

Priority with respect to the firm power and energy not sold to the entities listed above shall be afforded to electric companies serving New York City and Westchester County also in accordance with Section 1005 of the Power Authority Act.

(3) Delivery of power and energy to Customer will be made over the facilities of the utility company in whose franchise territory Customers' facilities are located pursuant to contractual arrangements entered into by such company and the Authority.

Customer further understands and agrees that this application and the furnishing of electric service hereunder are subject in all respects to the provisions of Authority's Rules and Regulations for Power Service and to the applicable Service Tariff, both as they may be later amended from time to time.

Upon acceptance by Authority and approval of the Governor pursuant to Section 1009 of the Power Authority
Act this application together with the applicable Service Tariff shall constitute a contract between the parties for electric service hereunder.

Customer

By [Signature]

Title Commissioner of General Services

Date September 22, 1976

(Attest)

Accepted:

Power Authority of the State of New York

By [Signature] Chairman

Date September 22, 1976

(Attest)

By [Signature] Asst., Secretary

Hein J. McCosmick
Notary Public, State of New York
No. 24-2507500
Qualified in Kings County
Term Expires March 30, 1977
State of New York ss.
County of _________

On this 29th day of September 1976, before me personally came James A. FitzPatrick and John C. Bruel, to me known, who each being by me duly sworn, did severally depose and say that they reside in Plattsburgh and New York City respectively, and that they are, respectively, Chairman and Secretary of Power Authority of the State of New York, a Corporation described in and which executed the above instrument; that they know the seal of Power Authority of the State of New York aforesaid; that one of the seals affixed to said instrument is such seal; that it was so affixed by order of the Trustees of Power Authority of the State of New York, and that they signed their names thereto by like order.

[Signature]

Helen J. McCORMICK
Notary Public in the State of New York
Residing in the County of _________.
My Commission expires 1977

(Notarial Seal)

State of New York ss.
County of _________

On this 22nd day of September 1976, before me personally came James C. O'Shea, to me known, who being duly sworn, did depose and say that he resides in 911 North George St., Rome, N.Y. and that he is Commissioner of the New York State Office of General Services in the Executive Department of the State of New York; that by virtue of the authority conferred on him in accordance with Section 200 of the Executive Law he subscribed his name to the foregoing instrument and that he executed the same for the purpose therein stated.

[Signature]

Eunice L. Swatz
Notary Public in the State of New York
Residing in the County of _________.
My Commission expires _________.

(Notarial Seal)
Applicable:

To sale of firm power and energy to customers who receive delivery and service through the utility company in whose franchise area customers' facilities are located.

Character of Service:

Alternating current; 60 hertz; 3 phase

Rates:

Rates for firm power and energy shall initially consist of:

1. General Use - Small
   Energy Charge 3.16 cents per kilowatt hour

2. General Use - Large
   Demand Charge $6.24 per month per kilowatt of billing demand
   Energy Charge 1.23 cents per kilowatt hour

3. Public and Private Street Lighting
   Energy Charge 3.10 cents per kilowatt hour

Energy Charge Adjustment - The charges set forth herein shall be subject to a monthly adjustment per kilowatt hour provided hereunder when changes from the base cost of energy occur as described in Special Provision F.

4. A delivery-service charge set forth in Appendices C, F, and H of this Service Tariff and payable to Authority by Customer as reimbursement to the utility company providing delivery-service for the use of its facilities and for services rendered in conjunction with the delivery of power and energy to Customer.
Minimum Charge:

Customer shall be responsible for a minimum bill equal to:

(1) Where usage is measured by both demand and energy meters or where usage is unmetered, 75% of the product of the demand charge and the maximum monthly billing demand for the previous twelve months.

(2) Where usage is measured by energy meters alone, the charge for 10 kilowatt-hours of usage.

Such minimum bill shall be exclusive of minimum charges applicable to delivery service.

Billing Demand:

Except as otherwise agreed upon, for metered service the billing demand shall be the maximum 30-minute integrated demand established during the billing period and for unmetered service the billing demand shall be determined by Authority.

Billing Period:

Customer meters are generally scheduled to be read and bills rendered on a monthly basis (approximately thirty (30) days).

Payment:

Bills computed under this Service Tariff are due and payable at the office of the Authority within ten (10) days of the date of bill, subject to late payment in accordance with provision 454.6 (b) of the Rules and Regulations for Power Service. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in its entirety within the prescribed period and any necessary adjustments will be made thereafter.
Power Factor:

Authority may require Customer normally to maintain power factor not less than 90%, lagging or leading, at the point of delivery.

Continuance and Termination of Service:

Initiation of service will be upon accepted application of Customer, under the procedure specified in the Rules and Regulations for Power Service.

Once initiated, service will continue until terminated by Authority pursuant to required notice as provided in the Rules and Regulations for Power Service. Customer may reduce or terminate service at any time after one year's service on written notice to Authority not less than 120 days in advance, or sooner if mutually agreeable. Until actually terminated, the Minimum Charge provision of this tariff shall apply.

Special Provisions:

Special provisions for service supplementing or modifying the Rules and Regulations for Power Service are as follows:

A. **Installments** - Initial service may be in installments as Customer may require the power and energy or as Authority can make it available.

B. **Notice of Adjustments in Charges**

Whenever Authority has determined that the rates for power and energy sold hereunder, exclusive of Delivery-Service charges and Energy Charge Adjustment, should be revised, pursuant to the
Rules and Regulations for Power Service, it will notify Customer in writing of the revised charges not less than thirty (30) days in advance of the effective date thereof.

Authority shall notify Customer not less than thirty (30) days in advance of the effective date of adjustments in the delivery-service charge. Changes in energy charge adjustment will be indicated on the monthly bill without prior notice.

C. Apportionment of Charges When Customer is Delivered Power and Energy Provided by Authority and Power and Energy Provided by Utility Company

If the total firm power and energy delivered to the Customer is provided partly by the Authority and partly by the utility furnishing delivery-service the total charges to the Customer will be partly at the Authority's rates and partly at the utility's rates.

D. Change in Customer Requirement

Additional Power and Energy - Customer agrees to advise Authority on the first day of July of each year of its estimated overall power and energy requirements for the next succeeding five-year period.

If at any time during the term Customer shall determine that it will require firm power and energy in excess of its firm capacity allotment, Customer shall give Authority written notice of the amounts which and the date on which it desires such additional power and energy and shall include in such notification facts supporting such additional requirements. Within ninety (90) days after receipt of such notice, Authority shall
notify Customer of the amounts in which and the dates on which it determines, in its sole discretion, that it can make such additional power and energy available to Customer.

New, Enlarged or Altered Service - Customer shall give Authority and the utility providing delivery-service reasonable advance notice of the location of any requirement for a material increase in load such that adequate facilities may be provided. If the Authority determines it can serve the additional power and energy requested or the altered service, the Customer will deal with the appropriate representative of the utility with respect to the arrangements for a new delivery point or an enlarged or altered service at an existing delivery point. Any new, enlarged or altered delivery service required by Customer will be provided by the utility. When such delivery service requires facilities for which the utility would make a special charge to its own customers or would require the Customer to make the installation, Customer will compensate Authority, who will then reimburse the utility in an amount not to exceed the compensation which would be payable by a customer of the utility in comparable circumstances. Customer shall have the option of installing needed facilities at its own expense provided they meet the utility's specifications.

E. Transfer of Service - In the event that Customer desires to discontinue Authority electric service or Authority should find it necessary to discontinue electric service to Customer, transfer of such service from Authority to the utility in whose franchise area customer is located shall be effected, provided such customer
meets the utility's prerequisites for service, as set forth in the utility's filed Schedule for Electricity Service.

F. **Energy Charge Adjustment**

The charge for electric service hereunder will be subject each month to an addition or a deduction when the "average cost of energy" for the previous two months as stated herein increases or decreases from the specified base cost.

The base cost of energy expressed in cents per kilowatt hour billed is 1.177 cents. Such base cost may be amended from time to time.

The "average cost of energy" shall be equal to the sum of (i) the fuel and fuel related charges incurred by the Authority from its thermal generating units normally furnishing energy under this tariff and the value of energy as determined by Authority from other Authority Projects in generation of firm power and energy for its Customers supplied under this tariff and (ii) the amount paid by the Authority for power and energy purchased from other suppliers, including transmission charges and additional capacity charges, if any, associated with such deliveries, less credits from sales of reserve energy; all divided by the total kilowatthours of energy billed to such Customers.

The difference between the "average cost of energy" and the base cost of energy shall be added to or subtracted from the charges per kilowatthour for energy specified in this Service Tariff.

G. **Additional Regulations** - The supply of service hereunder to Customer is subject to the provisions of the Schedule
for Electricity Service of the utility providing delivery-service as filed with the Public Service Commission and as may be amended and supplemented from time to time, provided that in the event of any inconsistency, conflict or difference between the provisions of this Service Tariff or the Authority's Rules and Regulations for Power Service, and those contained in such Schedule for Electricity Service, the provisions of this Service Tariff and the Authority's Rules and Regulations shall govern.

H. **Redistribution of Electric Service** - Customer may resell, remeter (or submeter), or redistribute electric service to his tenants or occupants, in the premises supplied by Authority, only if and to the extent that such is authorized by the Authority and not violative of any statutes, laws, rules or regulations of any body having jurisdiction in the premises.

I. **Supplementary Provision** - Section 454.6(d) of Authority's Rules and Regulations for Power Service shall not be applicable to service hereunder.

J. **Adjustment Factor** - The Demand Charge, Energy Charge and the Fuel Adjustment shall be multiplied by a factor equal to the efficiency factor ratio of Customer, which represents the ratio of the power and energy delivered to the system of the utility providing delivery-service and the power and energy received by Customer.

K. **Notices** - Customer shall notify Authority and the utility in writing in advance when service is to be discontinued at existing premises. Customer shall provide the name and address,
if known, of the successor in occupancy of such premises or portion thereof. If Customer desires service from Authority at another location Customer shall file an amended application pursuant to Authority's requirements.

I. Payment of Estimated Bill - Approximately 10 days prior to initial service Authority will render to Customer an estimated bill for service during the first monthly billing period. This bill will be due and payable within 10 days in accordance with the payment provision of this Service Tariff. Authority will render a similar estimated bill approximately 10 days prior to the start of the second monthly billing period which will be similarly due and payable within 10 days. Thereafter Authority will render to Customer final bill approximately 20 days after the conclusion of each billing period. Authority will also render to Customer at the same time an estimated bill for the next following billing period which will be due and payable within 10 days. Any overpayment by Customer for a previous estimated bill as determined by the final bill for such billing period will be treated as a credit towards the new estimated bill. Any underpayment will be added to the new estimated bill. The new estimated bill and any such underpayment will be due and payable within 10 days of submission in accordance with the payment provision of this Service Tariff.
APPENDIX C

DELIVERY SERVICE CHARGE

Applicable:

To use of service for light, heat and power for general uses where the Customer's requirements do not exceed 10 kilowatts.

Rate:

Charge based on energy (per month)

For the first 10 kwhr (or less)........$4.61
For the next 890 kwhr.....3.91cents per kwhr
For excess over 900 kwhr.....3.25cents per kwhr

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No.1 unit.

Minimum Charge

$4.61 per month, exclusive of adjustment to delivery-service charge.
General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements, or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing therein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX F

DELIVERY-SERVICE CHARGE

Applicable:

To use of service for lighting of public and private streets, thoroughfares, parks and parkways; operation of traffic control signals, fire alarm signals, warning and directional signs.

Rate:

1. Suppling Electric Energy—Per Calender Month
Charge based on Energy for each kilowatthour............. 4.30 cents

2. Furnishing and Maintaining Control Equipment—Per Calender Month
For each point of service termination, as defined in Special Provision E hereof, where the Utility supplies controlled period service from its circuits........ $1.15

The monthly bill for service hereunder shall be the sum of the applicable charges at the rates in Parts "1" and "2" above set forth, plus the delivery-charge adjustment provided herin.

Minimum Charge:

$3.03 per month, exclusive of adjustment to delivery-service charge.

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.
General Provisión:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege heretofore enjoyed by Customer.
APPENDIX H
DELIVERY-SERVICE CHARGE

Applicable:
To use of service for light, heat and power for general uses where Customer's requirements are in excess of 10 kilowatts.

Rate:

<table>
<thead>
<tr>
<th>Charge based on Demand (per month)</th>
<th>Low Tension Service</th>
<th>High Tension Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the first 1,300kw of billing demand</td>
<td>$7.30 per kw</td>
<td>$6.97 per kw</td>
</tr>
<tr>
<td>For excess over 1,300kw of billing demand</td>
<td>$6.68 per kw</td>
<td>$6.35 per kw</td>
</tr>
</tbody>
</table>

Charge based on Energy (per month) - for both low and high tension service
For the first 1,500,000kwhr | $0.13 cents per kwhr |
For excess over 1,500,000kwhr | |

Adjustment to Delivery Charge:
1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.
Minimum Charge:

The charge for 5 kilowatts of demand, exclusive of charge based on energy and adjustment to delivery-service charge.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPLICATION FOR ELECTRIC SERVICE

STATE OF NEW YORK, OFFICE OF GENERAL SERVICES (hereinafter called "Customer") hereby applies to POWER AUTHORITY OF THE STATE OF NEW YORK (hereinafter called "Authority") for firm power service under the Authority's applicable Service Tariff.

Customer understands:

(1) If this application is accepted by Authority, firm power and energy will be supplied to Customer to the extent that Authority determines that it has capacity available to provide such power and energy. Firm power and energy expected to be available for sale soon pursuant to the applicable tariff will become available in part when the Authority's Indian Point No. 3 generating plant reaches commercial operation and additional firm power and energy will become available when the Authority's Astoria No. 6 plant is also in commercial operation. Customers who receive power and energy pursuant to such tariff shall not be entitled to receive such power and energy from any particular plants. The Authority shall have the right to furnish the power and energy from any source available to it.

(2) Priority in the acceptance of application for the service requested in this application shall be given to the Metropolitan Transportation Authority, its subsidiary corporations, the New York City Transit Authority,
the Port Authority of New York and New Jersey, the City of New York, the State of New York, the United States, other public corporations within the metropolitan area of the City of New York within the State of New York and then to other exempt persons as defined in 26 U.S.C. 103 (c) (3), located in New York City and Westchester County to the extent feasible in accordance with Section 1005 of the Power Authority Act.

Priority with respect to the firm power and energy not sold to the entities listed above shall be afforded to electric companies serving New York City and Westchester County also in accordance with Section 1005 of the Power Authority Act.

(3) Delivery of power and energy to Customer will be made over the facilities of the utility company in whose franchise territory Customers' facilities are located pursuant to contractual arrangements entered into by such company and the Authority.

Customer further understands and agrees that this application and the furnishing of electric service hereunder are subject in all respects to the provisions of Authority's Rules and Regulations for Power Service and to the applicable Service Tariff, both as they may be later amended from time to time.

Upon acceptance by Authority and approval of the Governor pursuant to Section 1009 of the Power Authority
Act this application together with the applicable Service Tariff shall constitute a contract between the parties for electric service hereunder.

Customer

By ____________________________

Title Commissioner of General Service

Date ____________________________

(Attest)

Accepted:

Power Authority of the State of New York

By ____________________________

Chairman

Date ____________________________

(Attest)

By ____________________________

asst. Secretary

(Notary Seal)

HELEN J. MCCORMACK
Notary Public, State of New York
No. 24-2607500
Qualified in Kings County,
Term Expires March 30, 1977

APPROVED AS TO FORM

Attorney General

[Signature]

APPROVED 8

FOR THE STATE COMPTROLLER
ACKNOWLEDGEMENTS

State of New York) ss.:
County of ____________

On this 21st day of July 1976, before me personally
came James A. FitzPatrick and John C. Bruel, to me known,
who each being by me duly sworn, did severally depose and
say that they reside in Plattsburgh and New York City re-
spectively, and that they are, respectively, Chairman and
Secretary of Power Authority of The State of New York, a
Corporation described in and which executed the above in-
strument; that they know the seal of Power Authority of the
State of New York aforesaid; that one of the seals affixed
to said instrument is such seal; that it was so affixed by
order of the Trustees of Power Authority of the State of New
York, and that they signed their names thereto by like
order.

Notary Public in the State of New York
Residing in the County of Kings
My Commission expires ___/___/___

(Notarial Seal)

HELEN J. MCDONALD
Notary Public in the State of New York
No. 24-260750

State of New York) ss.:
County of ____________

On this 22nd day of September 1976, before me personally
came James C. O'Shea, to me known, who being duly sworn, did
depose and say that he resides in 911 North George St., Rome, N.Y.
and that he is Commissioner of the
New York State Office of General Services in the Executive
Department of the State of New York; that by virtue of the
authority conferred on him in accordance with Section 200 of
the Executive Law he subscribed his name to the foregoing
instrument and that he executed the same for the purpose there-
in stated.

Notary Public in the State of New York
Residing in the County of
My Commission expires

(Notarial Seal)
Applicable:

To sale of firm power and energy to customers who receive delivery and service through the utility company in whose franchise area customers' facilities are located.

Character of Service:

Alternating current; 60 hertz; 3 phase

Rates:

Rates for firm power and energy shall initially consist of:

1. General Use - Small
   - Energy Charge: 3.16 cents per kilowatt hour

2. General Use - Large
   - Demand Charge: $6.24 per month per kilowatt of billing demand
   - Energy Charge: 1.23 cents per kilowatt hour

3. Public and Private Street Lighting
   - Energy Charge: 3.10 cents per kilowatt hour

Energy Charge Adjustment - The charges set forth herein shall be subject to a monthly adjustment per kilowatt hour provided hereunder when changes from the base cost of energy occur as described in Special Provision F.

4. A delivery-service charge set forth in Appendices C, F, and H of this Service Tariff and payable to Authority by Customer as reimbursement to the utility company providing delivery-service for the use of its facilities and for services rendered in conjunction with the delivery of power and energy to Customer.
Minimum Charge:

Customer shall be responsible for a minimum bill equal to:

(1) Where usage is measured by both demand and energy meters or where usage is unmetered, 75% of the product of the demand charge and the maximum monthly billing demand for the previous twelve months.

(2) Where usage is measured by energy meters alone, the charge for 10 kilowatt-hours of usage.

Such minimum bill shall be exclusive of minimum charges applicable to delivery service.

Billing Demand:

Except as otherwise agreed upon, for metered service the billing demand shall be the maximum 30-minute integrated demand established during the billing period and for unmetered service the billing demand shall be determined by Authority.

Billing Period:

Customer meters are generally scheduled to be read and bills rendered on a monthly basis (approximately thirty (30) days).

Payment:

Bills computed under this Service Tariff are due and payable at the office of the Authority within ten (10) days of the date of bill, subject to late payment in accordance with provision 454.6 (b) of the Rules and Regulations for Power Service. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in its entirety within the prescribed period and any necessary adjustments will be made thereafter.
Power Factor:

Authority may require Customer normally to maintain power factor not less than 90%, lagging or leading, at the point of delivery.

Continuance and Termination of Service:

Initiation of service will be upon accepted application of Customer, under the procedure specified in the Rules and Regulations for Power Service.

Once initiated, service will continue until terminated by Authority pursuant to required notice as provided in the Rules and Regulations for Power Service. Customer may reduce or terminate service at any time after one year's service on written notice to Authority not less than 120 days in advance, or sooner if mutually agreeable. Until actually terminated, the Minimum Charge provision of this tariff shall apply.

Special Provisions:

Special provisions for service supplementing or modifying the Rules and Regulations for Power Service are as follows:

A. Installments - Initial service may be in installments as Customer may require the power and energy or as Authority can make it available.

B. Notice of Adjustments in Charges

Whenever Authority has determined that the rates for power and energy sold hereunder, exclusive of Delivery-Service charges and Energy Charge Adjustment, should be revised, pursuant to the
Rules and Regulations for Power Service, it will notify Customer in writing of the revised charges not less than thirty (30) days in advance of the effective date thereof.

Authority shall notify Customer not less than thirty (30) days in advance of the effective date of adjustments in the delivery-service charge. Changes in energy charge adjustment will be indicated on the monthly bill without prior notice.

C. Apportionment of Charges When Customer is Delivered Power and Energy Provided by Authority and Power and Energy Provided by Utility Company

If the total firm power and energy delivered to the Customer is provided partly by the Authority and partly by the utility furnishing delivery-service the total charges to the Customer will be partly at the Authority's rates and partly at the utility's rates.

D. Change in Customer Requirement

Additional Power and Energy - Customer agrees to advise Authority on the first day of July of each year of its estimated overall power and energy requirements for the next succeeding five-year period.

If at any time during the term Customer shall determine that it will require firm power and energy in excess of its firm capacity allotment, Customer shall give Authority written notice of the amounts which and the date on which it desires such additional power and energy and shall include in such notification facts supporting such additional requirements. Within ninety (90) days after receipt of such notice, Authority shall
...y Customer of the amounts in which and the dates on which it
determines, in its sole discretion, that it can make such additional
power and energy available to Customer.

New, Enlarged or Altered Service - Customer shall give
Authority and the utility providing delivery-service reasonable
advance notice of the location of any requirement for a material
increase in load such that adequate facilities may be provided.
If the Authority determines it can serve the additional power and
energy requested or the altered service, the Customer will deal
with the appropriate representative of the utility with respect
to the arrangements for a new delivery point or an enlarged or
altered service at an existing delivery point. Any new, enlarged
or altered delivery service required by Customer will be provided
by the utility. When such delivery service requires facilities
for which the utility would make a special charge to its own
customers or would require the Customer to make the installation,
Customer will compensate Authority, who will then reimburse the
utility in an amount not to exceed the compensation which would
be payable by a customer of the utility in comparable circum-
stances. Customer shall have the option of installing needed
facilities at its own expense provided they meet the utility's
specifications.

E. Transfer of Service - In the event that Customer desires
to discontinue Authority electric service or Authority should find
it necessary to discontinue electric service to Customer, transfer
of such service from Authority to the utility in whose franchise
area customer is located shall be effected, provided such customer
meets the utility's prerequisites for service, as set forth in the utility's filed Schedule for Electricity Service.

F. **Energy Charge Adjustment**

The charge for electric service hereunder will be subject each month to an addition or a deduction when the "average cost of energy" for the previous two months as stated herein increases or decreases from the specified base cost.

The base cost of energy expressed in cents per kilowatt hour billed is 1.177 cents. Such base cost may be amended from time to time.

The "average cost of energy" shall be equal to the sum of (i) the fuel and fuel related charges incurred by the Authority from its thermal generating units normally furnishing energy under this tariff and the value of energy as determined by Authority from other Authority Projects in generation of firm power and energy for its Customers supplied under this tariff and (ii) the amount paid by the Authority for power and energy purchased from other suppliers, including transmission charges and additional capacity charges, if any, associated with such deliveries, less credits from sales of reserve energy; all divided by the total kilowatthours of energy billed to such Customers.

The difference between the "average cost of energy" and the base cost of energy shall be added to or subtracted from the charges per kilowatthour for energy specified in this Service Tariff.

G. **Additional Regulations** - The supply of service hereunder to Customer is subject to the provisions of the Schedule
for the Electricity Service of the utility providing delivery-service as filed with the Public Service Commission and as may be amended and supplemented from time to time, provided that in the event of any inconsistency, conflict or difference between the provisions of this Service Tariff or the Authority's Rules and Regulations for Power Service, and those contained in such Schedule for Electricity Service, the provisions of this Service Tariff and the Authority's Rules and Regulations shall govern.

H. Redistribution of Electric Service - Customer may resell, remeter (or submeter), or redistribute electric service to his tenants or occupants, in the premises supplied by Authority, only if and to the extent that such is authorized by the Authority and not violative of any statutes, laws, rules or regulations of any body having jurisdiction in the premises.

I. Supplementary Provision - Section 454.6(d) of Authority's Rules and Regulations for Power Service shall not be applicable to service hereunder.

J. Adjustment Factor - The Demand Charge, Energy Charge and the Fuel Adjustment shall be multiplied by a factor equal to the efficiency factor ratio of Customer, which represents the ratio of the power and energy delivered to the system of the utility providing delivery-service and the power and energy received by Customer.

K. Notices - Customer shall notify Authority and the utility in writing in advance when service is to be discontinued at existing premises. Customer shall provide the name and address,
APPENDIX 'C'

DELIVERY SERVICE CHARGE

Applicable:

To use of service for light, heat and power for general uses where the Customer's requirements do not exceed 10 kilowatts.

Rate:

Charge based on energy (per month)

For the first 10 kwhr (or less) ...... $4.61
For the next 890 kwhr ..... 3.91 cents per kwhr
For excess over 900 kwhr ... 3.25 cents per kwhr

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No.1 unit.

Minimum Charge

$ 4.61 per month, exclusive of adjustment to delivery-service charge.
General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements, or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing therein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX F

DELIVERY-SERVICE CHARGE

Applicable:

To use of service for lighting of public and private streets, thoroughfares, parks and parkways; operation of traffic control signals, fire alarm signals, warning and directional signs.

Rate:

1. Suppling Electric Energy--Per Calendar Month

Charge based on Energy for each kilowatt hour.............. 4.30 cents

2. Furnishing and Maintaining Control Equipment--Per Calendar Month

For each point of service termination, as defined in Special Provision E hereof, where the Utility supplies controlled period service from its circuits........ $1.15

The monthly bill for service hereunder shall be the sum of the applicable charges at the rates in Parts "1" and "2" above set forth, plus the delivery-charge adjustment provided herin.

Minimum Charge:

$3.03 per month, exclusive of adjustment to delivery-service charge.

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatt hour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatt hour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.
General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege heretofore enjoyed by Customer.
APPENDIX H
DELIVERY-SERVICE CHARGE

Applicable:
To use of service for light, heat and power for general uses where Customer's requirements are in excess of 10 kilowatts.

Rate:

<table>
<thead>
<tr>
<th>Charge based on Demand (per month)</th>
<th>Low Tension Service</th>
<th>High Tension Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the first 1,300kw of billing demand</td>
<td>$7.30 per kw</td>
<td>$6.97 per kw</td>
</tr>
<tr>
<td>For excess over 1,300kw of billing demand</td>
<td>$6.68 per kw</td>
<td>$6.35 per kw</td>
</tr>
</tbody>
</table>

Charge based on Energy (per month) - for both low and high tension service

| For the first 1,500,000kwhr | .13 cents per kwhr |
| For excess over 1,500,000kwhr | cents per kwhr |

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.
Minimum Charge:

The charge for 5 kilowatts of demand, exclusive of charge based on energy and adjustment to delivery-service charge.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
SCHEDULE A

FIXED COST SCHEDULE

Fixed costs shall include all costs that are not Variable Costs, as set forth below:

1. Operations & Maintenance
   - 500 MW Plant
   - NYPA fixed O&M costs associated with providing service to NYCGCs

2. Shared Services
   - Headquarters
   - Research & Development
   - Allocation to Capital

3. Capital Cost
   - 500 MW Plant
   - Overhead Debt
   - Other Capital Cost

4. Other Expenses
   - OPEB
   - Asset Retirement – 500 MW Plant

5. Investment and Other Income
SCHEDULE B

FIXED COSTS ALLOCATION
EXAMPLE VALUES - FOR ILLUSTRATIVE PURPOSES ONLY
<table>
<thead>
<tr>
<th></th>
<th>000'000</th>
<th>8'700'000</th>
<th>106'000'000</th>
<th>500'000</th>
<th>110.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5,979.40</td>
<td>$2,352.61</td>
<td>$11,975.00</td>
<td>$15,000</td>
<td>1.7%</td>
</tr>
<tr>
<td>C</td>
<td>$2,352.61</td>
<td>$1,176.30</td>
<td>$5,589.04</td>
<td>$6,666</td>
<td>1.1%</td>
</tr>
<tr>
<td>D</td>
<td>$1,176.30</td>
<td>$588.15</td>
<td>$2,467.45</td>
<td>$3,333</td>
<td>1.0%</td>
</tr>
<tr>
<td>E</td>
<td>$588.15</td>
<td>$294.08</td>
<td>$1,181.33</td>
<td>$1,666</td>
<td>0.8%</td>
</tr>
<tr>
<td>F</td>
<td>$294.08</td>
<td>$147.04</td>
<td>$691.23</td>
<td>$999</td>
<td>0.5%</td>
</tr>
<tr>
<td>G</td>
<td>$147.04</td>
<td>$73.52</td>
<td>$367.61</td>
<td>$500</td>
<td>0.3%</td>
</tr>
<tr>
<td>H</td>
<td>$73.52</td>
<td>$36.76</td>
<td>$183.80</td>
<td>$250</td>
<td>0.2%</td>
</tr>
<tr>
<td>I</td>
<td>$36.76</td>
<td>$18.38</td>
<td>$91.90</td>
<td>$125</td>
<td>0.1%</td>
</tr>
<tr>
<td>J</td>
<td>$18.38</td>
<td>$9.19</td>
<td>$45.95</td>
<td>$65</td>
<td>0.1%</td>
</tr>
<tr>
<td>K</td>
<td>$9.19</td>
<td>$4.59</td>
<td>$22.95</td>
<td>$32</td>
<td>0.1%</td>
</tr>
<tr>
<td>L</td>
<td>$4.59</td>
<td>$2.29</td>
<td>$11.44</td>
<td>$16</td>
<td>0.1%</td>
</tr>
<tr>
<td>M</td>
<td>$2.29</td>
<td>$1.14</td>
<td>$4.59</td>
<td>$6</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

**Schedule B**

**Fixed Costs Allocation**

Additional notes and descriptions can be found in the image.
<table>
<thead>
<tr>
<th>Year</th>
<th>$2,000,000</th>
<th>$1,750,000</th>
<th>$1,700,000</th>
<th>$1,650,000</th>
<th>$1,600,000</th>
<th>$1,550,000</th>
<th>$1,500,000</th>
<th>$1,450,000</th>
<th>$1,400,000</th>
<th>$1,350,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8,940,084</td>
<td>7,937,097</td>
<td>6,934,110</td>
<td>5,931,123</td>
<td>4,928,136</td>
<td>3,925,149</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>7,937,097</td>
<td>6,934,110</td>
<td>5,931,123</td>
<td>4,928,136</td>
<td>3,925,149</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>6,934,110</td>
<td>5,931,123</td>
<td>4,928,136</td>
<td>3,925,149</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>5,931,123</td>
<td>4,928,136</td>
<td>3,925,149</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>4,928,136</td>
<td>3,925,149</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>3,925,149</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2021</td>
<td>2,922,162</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2022</td>
<td>1,919,175</td>
<td>1,918,188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Note:** The table above shows the allocated shares for the NYPA Plan for the years 2015 to 2022. The allocated share is recalculated to all other groups after each year, and the sum of all groups equals the total allocated share for the NYPA Plan.

SCHEDULE C

TRANSITIONAL COSTS

There are several, specific expenses which have been incurred by NYPA under the existing Cost-of-Service process which the Parties agree may be collected by NYPA on a prospective basis. For purposes herein, the specific expenses listed below are termed “Transitional Costs.” The Parties agree that, subject to NYPA providing adequate supporting documentation, NYPA shall recover these Transitional Costs outside the recovery of Fixed or Variable Costs under the Agreement. The Transitional Costs recovered from customers shall not exceed the amounts set forth below. NYPA agrees to recover OGS’ share of the Transitional Costs in equal payments over a three-year period under the same line-item recovery method as the Fixed Costs.

<table>
<thead>
<tr>
<th>Transitional Costs</th>
<th>2016</th>
<th>2017</th>
<th>Projected Remaining 2017</th>
<th>Projected 2018</th>
<th>Total Transitional Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Customer Load Research Study</td>
<td>$108,697</td>
<td>$48,650</td>
<td>$20,000</td>
<td></td>
<td>$177,347</td>
</tr>
<tr>
<td>Consulting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental Customer Load Research</td>
<td>$6,901</td>
<td>$22,706</td>
<td>$70,000</td>
<td>$300,000</td>
<td>$399,607</td>
</tr>
<tr>
<td>Metering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Rate Design Support</td>
<td></td>
<td>$122,344</td>
<td>$50,000</td>
<td></td>
<td>$172,344</td>
</tr>
<tr>
<td>Delivery Rate Consulting Services</td>
<td></td>
<td>$22,600</td>
<td></td>
<td></td>
<td>$22,600</td>
</tr>
<tr>
<td>Asset Retirement - Poletti (2018-2019)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,583,904</td>
</tr>
<tr>
<td>Asset Retirement - Kensico (2018-2022)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$480,742</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$4,836,544</strong></td>
</tr>
</tbody>
</table>
SCHEDULE D

EXPENSES EXCLUDED FROM FIXED COSTS

Subject to OGS’ approval, the following expenses may be incurred. If they are, these expenses are excluded from the Fixed Costs, and OGS’ share of the expense may be passed through to OGS on the Monthly Bill, without mark-up, and as they are incurred. Such expenses will be supported by third-party invoices. Any billing adjustments related to charges/credits for production and delivery from prior years will continue.

<table>
<thead>
<tr>
<th>Type of Additional Expense not included in Fixed Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Customer Load Research Study ---- Outside Consulting</td>
</tr>
<tr>
<td>Government Customer Load Research Study ---- Metering (2019-2021)</td>
</tr>
<tr>
<td>General Rate Design Support --- Outside Consulting</td>
</tr>
<tr>
<td>Delivery Rate Consulting Services ---- Outside Consulting</td>
</tr>
</tbody>
</table>
## SCHEDULE E

### LOAD BUS NAMES & INCLUDED CUSTOMERS

<table>
<thead>
<tr>
<th>Load Bus Name</th>
<th>Customers Included on Load Bus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zone H</strong></td>
<td></td>
</tr>
<tr>
<td>SENY-OGS_CE_MILLWOOD</td>
<td>New York State Office of General Services</td>
</tr>
<tr>
<td><strong>Zone I</strong></td>
<td></td>
</tr>
<tr>
<td>SENY-OGS_CE_DUNWOODI</td>
<td>New York State Office of General Services</td>
</tr>
<tr>
<td><strong>Zone J</strong></td>
<td></td>
</tr>
<tr>
<td>SENY-OGS_CE_NY-CITY</td>
<td>New York State Office of General Services</td>
</tr>
</tbody>
</table>
### SCHEDULE F

**APPLICABLE VARIABLE COSTS & REVENUES – FOR ILLUSTRATIVE PURPOSES ONLY**

**Figure 1A – NYC Customer Breakout – March 2017 Actuals**

<table>
<thead>
<tr>
<th>Item</th>
<th>March 17</th>
<th>Allocation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Variable Cost</td>
<td>$90,668,731</td>
<td></td>
</tr>
<tr>
<td>(7) Purchase Power - Energy</td>
<td>$20,684,651</td>
<td></td>
</tr>
<tr>
<td>(3) Zone A (Niagara Bus)</td>
<td>$6,758,721</td>
<td></td>
</tr>
<tr>
<td>(4) Zone A CCGA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(5) Zone B (St. Lawrence Bus)</td>
<td>$2,253,204</td>
<td></td>
</tr>
<tr>
<td>(6) Zone B CCGA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(7) Zone C (Chesapeake Bus)</td>
<td>$14,029,415</td>
<td></td>
</tr>
<tr>
<td>(8) Zone C CCGA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(9) Marginal Losses</td>
<td>$1,900,518</td>
<td></td>
</tr>
<tr>
<td>(10) Balancing Energy</td>
<td>$431,215</td>
<td></td>
</tr>
<tr>
<td>(11) Congestion Charges</td>
<td>$4,629,369</td>
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</tr>
<tr>
<td>(12) Purchase Power - NYISO Expense</td>
<td>$2,089,576</td>
<td></td>
</tr>
<tr>
<td>(13) Auxiliary Services Expense Schedule 1 through 6</td>
<td>$1,037,941</td>
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</tr>
<tr>
<td>(14) NTAC</td>
<td>$714,222</td>
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<tr>
<td>(15) Transco Facilities Charge</td>
<td>$384,613</td>
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<tr>
<td>(16) MSCP/SEL Expense</td>
<td>NA</td>
<td></td>
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<tr>
<td>(17) Purchase Power - Other</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>(18) Clean Energy Standard Purchases</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(19) Purchase Power - Capacity</td>
<td>$2,056,503</td>
<td></td>
</tr>
<tr>
<td>(20) NYC, including 500 MW offset</td>
<td>$666,484</td>
<td></td>
</tr>
<tr>
<td>(21) ROS</td>
<td>$109,582</td>
<td></td>
</tr>
<tr>
<td>(22) LHV</td>
<td>$681,905</td>
<td></td>
</tr>
<tr>
<td>(23) Demand Curve</td>
<td>$966,333</td>
<td></td>
</tr>
<tr>
<td>(24) NYC (In-City &amp; In-City ROS)</td>
<td>$137,781</td>
<td></td>
</tr>
<tr>
<td>(25) ROS</td>
<td>$12,037</td>
<td></td>
</tr>
<tr>
<td>(26) LHV</td>
<td>$446,715</td>
<td></td>
</tr>
<tr>
<td>(27) Transmission Congestion Contracts (TCC)</td>
<td>($2,285,414)</td>
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<tr>
<td>(28) GITCC Cost (600 MW Upper Path)</td>
<td>$1,534,600</td>
<td></td>
</tr>
<tr>
<td>(29) GITCC Cost (600 MW Lower Path)</td>
<td>($4,825,083)</td>
<td></td>
</tr>
<tr>
<td>(30) HVUCC Cost (600 MW Lower Path)</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(31) HVUCC Costs (400 MW Lower Path)</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(32) Other GITCC - Congestion Reimbursement - Con Ed</td>
<td>$1,025,659</td>
<td></td>
</tr>
<tr>
<td>(33) 500 MW CCU</td>
<td>D9*</td>
<td></td>
</tr>
<tr>
<td>(34) Revenues &amp; Cost</td>
<td>($1,998,580)</td>
<td></td>
</tr>
<tr>
<td>(35) Energy Revenues</td>
<td>($6,995,156)</td>
<td></td>
</tr>
<tr>
<td>(36) Auxiliary Services Revenues</td>
<td>($429,117)</td>
<td></td>
</tr>
<tr>
<td>(37) Auxiliary Service Revenues</td>
<td>($47,389)</td>
<td></td>
</tr>
<tr>
<td>(38) Fuel Expense</td>
<td>D9*</td>
<td></td>
</tr>
<tr>
<td>(39) Base Fuel expense</td>
<td>$5,417,789</td>
<td></td>
</tr>
<tr>
<td>(40) Fuel Hedge</td>
<td>NA</td>
<td></td>
</tr>
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<td>(41) IOU Gas Expense</td>
<td>$385,122</td>
<td></td>
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<tr>
<td>(42) Supplemental Bid Production Cost Guarantee</td>
<td>($485,992)</td>
<td></td>
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<tr>
<td>(43) Zone I CCGA Settlement</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>(44) Business Interruption Insurance</td>
<td>$43,303</td>
<td></td>
</tr>
<tr>
<td>(45) Emission Credits</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>(46) Balancing Energy</td>
<td>$9,677</td>
<td></td>
</tr>
</tbody>
</table>


**Aug. 2016-2015 E1% Allocation for the term of the Agreement**
SCHEDULE G

NYC Governmental Customers

Battery Park City Authority
Convention Center Operating Corporation
Empire State Development Corporation
Hudson River Park Trust
Metropolitan Transportation Authority
New York City Housing Authority
City of New York
New York State Office of General Services
The Port Authority of New York & New Jersey
Roosevelt Island Operating Corporation
United Nations Development Corporation
SCHEDULE H

500 MW Plant Annual Debt Service Payments

<table>
<thead>
<tr>
<th>Line</th>
<th>Source</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Figure 4C</td>
<td>$37,173,000</td>
<td>$40,744,136</td>
<td>$39,657,381</td>
<td>$34,526,699</td>
<td>$ -</td>
</tr>
<tr>
<td>2</td>
<td>Figure 4D</td>
<td>$1,844,937</td>
<td>$2,752,640</td>
<td>$3,461,941</td>
<td>$6,458,631</td>
<td>$23,317,117</td>
</tr>
<tr>
<td>3</td>
<td>Figure 4E</td>
<td>$3,942,797</td>
<td>$3,997,054</td>
<td>$4,056,964</td>
<td>$4,114,751</td>
<td>$4,177,942</td>
</tr>
<tr>
<td>4</td>
<td>Figure 4F</td>
<td>$7,413,079</td>
<td>$7,555,454</td>
<td>$7,706,079</td>
<td>$7,869,579</td>
<td>$8,030,454</td>
</tr>
<tr>
<td>5</td>
<td>Total</td>
<td>$50,373,813</td>
<td>$55,049,285</td>
<td>$54,882,564</td>
<td>$52,969,660</td>
<td>$35,525,512</td>
</tr>
</tbody>
</table>

Notes

1 Source: Final NYPa 2017 Cost of Service Study
APPENDIX A

STANDARD CLAUSES FOR NEW YORK STATE CONTRACTS

PLEASE RETAIN THIS DOCUMENT FOR FUTURE REFERENCE.
# TABLE OF CONTENTS

1. Executory Clause ........................................... 3
2. Non-Assignment Clause .................................... 3
3. Comptroller’s Approval .................................... 3
4. Workers’ Compensation Benefits .......................... 3
5. Non-Discrimination Requirements .......................... 3
6. Wage and Hours Provisions ................................. 3
7. Non-Collusive Bidding Certification ...................... 4
8. International Boycott Prohibition ......................... 4
9. Set-Off Rights ............................................. 4
10. Records .................................................... 4
11. Identifying Information and Privacy Notification ....... 4
12. Equal Employment Opportunities For Minorities and Women 4-5
13. Conflicting Terms ......................................... 5
14. Governing Law ............................................ 5
15. Late Payment ............................................. 5
16. No Arbitration ............................................ 5
17. Service of Process ........................................ 5
18. Prohibition on Purchase of Tropical Hardwoods ....... 5-6
19. MacBride Fair Employment Principles ................... 6
22. Compliance with New York State Information Security Breach and Notification Act 6
23. Compliance with Consultant Disclosure Law .......... 6
24. Procurement Lobbying .................................... 7
25. Certification of Registration to Collect Sales and Compensating Use Tax by Certain State Contractors, Affiliates and Subcontractors 7
26. Iran Divestment Act ........................................ 7
STANDARD CLAUSES FOR NYS CONTRACTS

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "Contractor" herein refers to any party other than the State, whether a contractor, licensor, licensee, lessor, lessee or any other party):

1. EXECUTORY CLAUSE. In accordance with Section 41 of the State Finance Law, the State shall have no liability under this contract to the Contractor or to anyone else beyond funds appropriated and available for this contract.

2. NON-ASSIGNMENT CLAUSE. In accordance with Section 138 of the State Finance Law, this contract may not be assigned by the Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the State's previous written consent, and attempts to do so are null and void. Notwithstanding the foregoing, such prior written consent of an assignment of a contract let pursuant to Article XI of the State Finance Law may be waived at the discretion of the contracting agency and with the concurrence of the State Comptroller where the original contract was subject to the State Comptroller's approval, where the assignment is due to a reorganization, merger or consolidation of the Contractor's business entity or enterprise. The State retains its right to approve an assignment and to require that any Contractor demonstrate its responsibility to do business with the State. The Contractor may, however, assign its right to receive payments without the State's prior written consent unless this contract concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

3. COMPTROLLER'S APPROVAL. In accordance with Section 112 of the State Finance Law (or, if this contract is with the State University or City University of New York, Section 355 or Section 6218 of the Education Law), if this contract exceeds $50,000 (or the minimum thresholds agreed to by the Office of the State Comptroller for certain S.U.N.Y. and C.U.N.Y. contracts), or if this is an amendment for any amount to a contract which, as so amended, exceeds said statutory amount, or if, by this contract, the State agrees to give something other than money when the value or reasonably estimated value of such consideration exceeds $10,000, it shall not be valid, effective or binding upon the State until it has been approved by the State Comptroller and filed in his office. Comptroller's approval of contracts let by the Office of General Services is required when such contracts exceed $85,000 (State Finance Law Section 163.6-a). However, such pre-approval shall not be required for any contract established as a centralized contract through the Office of General Services or for a purchase order or other transaction issued under such centralized contract.

4. WORKERS' COMPENSATION BENEFITS. In accordance with Section 142 of the State Finance Law, this contract shall be void and of no force and effect unless the Contractor shall provide and maintain coverage during the life of this contract for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

5. NON-DISCRIMINATION REQUIREMENTS. To the extent required by Article 15 of the Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, sex (including gender identity or expression), national origin, sexual orientation, military status, age, disability, predisposing
genetic characteristics, marital status or domestic violence victim status. Furthermore, in accordance with Section 220-e of the Labor Law, if this is a contract for the construction, alteration or repair of any public building or public work or for the manufacture, sale or distribution of materials, equipment or supplies, and to the extent that this contract shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex, or national origin: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. If this is a building service contract as defined in Section 230 of the Labor Law, then, in accordance with Section 239 thereof, Contractor agrees that neither it nor its subcontractors shall by reason of race, creed, color, national origin, age, sex or disability: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. Contractor is subject to fines of $50.00 per person per day for any violation of Section 220-e or Section 239 as well as possible termination of this contract and forfeiture of all moneys due hereunder for a second or subsequent violation.

6. WAGE AND HOURS PROVISIONS. If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor’s employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law. Additionally, effective April 28, 2008, if this is a public work contract covered by Article 8 of the Labor Law, the Contractor understands and agrees that the filing of payrolls in a manner consistent with Subdivision 3-a of Section 220 of the Labor Law shall be a condition precedent to payment by the State of any State approved sums due and owing for work done upon the project.

7. NON-COLLUSIVE BIDDING CERTIFICATION. In accordance with Section 139-d of the State Finance Law, if this contract was awarded based upon the submission of bids, Contractor affirms, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further affirms that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to the State a non-collusive bidding certification on Contractor’s behalf.

8. INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this contract exceeds $5,000, the Contractor agrees, as a material condition of the contract, that neither the Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the federal Export Administration Act of 1979 (50 USC App. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit
and void. The Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2NYCRR 105.4).

9. SET-OFF RIGHTS. The State shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, the State's option to withhold for the purposes of set-off any moneys due to the Contractor under this contract up to any amounts due and owing to the State with regard to this contract, any other contract with any State department or agency, including any contract for a term commencing prior to the term of this contract, plus any amounts due and owing to the State for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. The State shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by the State agency, its representatives, or the State Comptroller.

10. RECORDS. The Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "the Records"). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of the Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. The State shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate State official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

11. IDENTIFYING INFORMATION AND PRIVACY NOTIFICATION. (a) Identification Number(s). Every invoice or New York State Claim for Payment submitted to a New York State agency by a payee, for payment for the sale of goods or services or for transactions (e.g., leases, easements, licenses, etc.) related to real or personal property must include the payee's identification number. The number is any or all of the following: (i) the payee's Federal employer identification number, (ii) the payee's Federal social security number, and/or (iii) the payee's Vendor Identification Number assigned by the Statewide Financial System. Failure to include such number or numbers may delay payment. Where the payee does not have such number or numbers, the payee, on its invoice or Claim for Payment, must give the reason or reasons why the payee does not have such number or numbers.

(b) Privacy Notification. (I) The authority to request the above personal information from a seller of goods or services or a lessor of real or personal property, and the authority to maintain such information, is found in Section 5 of the State Tax Law. Disclosure of this information by the seller or lessor to the State is mandatory. The principal purpose for which the information is collected is to enable the State to identify individuals, businesses and others who have been delinquent in filing tax returns or may have understated their tax liabilities and to generally identify
persons affected by the taxes administered by the Commissioner of Taxation and Finance. The information will be used for tax administration purposes and for any other purpose authorized by law. (2) The personal information is requested by the purchasing unit of the agency contracting to purchase the goods or services or lease the real or personal property covered by this contract or lease. The information is maintained in the Statewide Financial System by the Vendor Management Unit within the Bureau of State Expenditures, Office of the State Comptroller, 110 State Street, Albany, New York 12236.

12. EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITIES AND WOMEN. In accordance with Section 312 of the Executive Law and 5 NYCRR 143, if this contract is: (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of $25,000.00, whereby a contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the contracting agency; or (ii) a written agreement in excess of $100,000.00 whereby a contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon; or (iii) a written agreement in excess of $100,000.00 whereby the owner of a State assisted housing project is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon for such project, then the following shall apply and by signing this agreement the Contractor certifies and affirms that it is Contractor's equal employment opportunity policy that:

(a) The Contractor will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force on State contracts and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation;

(b) at the request of the contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein; and

(c) the Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the State contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

Contractor will include the provisions of "a", "b", and "c" above, in every subcontract over $25,000.00 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the
beneficial use of the Contractor. Section 312 does not apply to: (i) work, goods or services unrelated to this contract; or (ii) employment outside New York State. The State shall consider compliance by a contractor or subcontractor with the requirements of any federal law concerning equal employment opportunity which effectuates the purpose of this section. The contracting agency shall determine whether the imposition of the requirements of the provisions hereof duplicate or conflict with any such federal law and if such duplication or conflict exists, the contracting agency shall waive the applicability of Section 312 to the extent of such duplication or conflict. Contractor will comply with all duly promulgated and lawful rules and regulations of the Department of Economic Development’s Division of Minority and Women's Business Development pertaining hereto.

13. **CONFLICTING TERMS.** In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

14. **GOVERNING LAW.** This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

15. **LATE PAYMENT.** Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Article 11-A of the State Finance Law to the extent required by law.

16. **NO ARBITRATION.** Disputes involving this contract, including the breach or alleged breach thereof, may not be submitted to binding arbitration (except where statutorily authorized), but must, instead, be heard in a court of competent jurisdiction of the State of New York.

17. **SERVICE OF PROCESS.** In addition to the methods of service allowed by the State Civil Practice Law & Rules ("CPLR"), Contractor hereby consents to service of process upon it by registered or certified mail, return receipt requested. Service hereunder shall be complete upon Contractor's actual receipt of process or upon the State's receipt of the return thereof by the United States Postal Service as refused or undeliverable. Contractor must promptly notify the State, in writing, of each and every change of address to which service of process can be made. Service by the State to the last known address shall be sufficient. Contractor will have thirty (30) calendar days after service hereunder is complete in which to respond.

18. **PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS.** The Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of Section 165 of the State Finance Law, (Use of Tropical Hardwoods) which prohibits purchase and use of tropical hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of the contractor to establish to meet with the approval of the State.

In addition, when any portion of this contract involving the use of woods, whether supply or installation, is to be performed by any subcontractor, the prime Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in §165 State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be
considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of the Contractor to meet with the approval of the State.

19. **MACBRIE FAIR EMPLOYMENT PRINCIPLES.** In accordance with the MacBride Fair Employment Principles (Chapter 807 of the Laws of 1992), the Contractor hereby stipulates that the Contractor either (a) has no business operations in Northern Ireland, or (b) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Section 165 of the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

20. **OMNIBUS PROCUREMENT ACT OF 1992.** It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts.

Information on the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic Development  
Division for Small Business  
Albany, New York 12245  
Telephone: 518-292-5100  
Fax: 518-292-5884  
email: opa@esd.ny.gov

A directory of certified minority and women-owned business enterprises is available from:

NYS Department of Economic Development  
Division of Minority and Women's Business Development  
633 Third Avenue  
New York, NY 10017  
212-803-2414  
email: mwbecertification@esd.ny.gov  
https://ny.newnycontracts.com/EndVendorSearchPublic.asp

The Omnibus Procurement Act of 1992 requires that by signing this bid proposal or contract, as applicable, Contractor's certify that whenever the total bid amount is greater than $1 million:

(a) The Contractor has made reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and women-owned business enterprises, on this project, and has retained the documentation of these efforts to be provided upon request to the State;

(b) The Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended;

(c) The Contractor agrees to make reasonable efforts to provide notification to New York State residents of employment opportunities on this project through listing any such positions with the
Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. The Contractor agrees to document these efforts and to provide said documentation to the State upon request; and

(d) The Contractor acknowledges notice that the State may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the State in these efforts.

21. RECIPROCITY AND SANCTIONS PROVISIONS. Bidders are hereby notified that if their principal place of business is located in a country, nation, province, state or political subdivision that penalizes New York State vendors, and if the goods or services they offer will be substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 and 2000 amendments (Chapter 684 and Chapter 383, respectively) require that they be denied contracts which they would otherwise obtain. NOTE: As of May 15, 2002, the list of discriminatory jurisdictions subject to this provision includes the states of South Carolina, Alaska, West Virginia, Wyoming, Louisiana and Hawaii. Contact NYS Department of Economic Development for a current list of jurisdictions subject to this provision.

22. COMPLIANCE WITH NEW YORK STATE INFORMATION SECURITY BREACH AND NOTIFICATION ACT. Contractor shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa; State Technology Law Section 208).

23. COMPLIANCE WITH CONSULTANT DISCLOSURE LAW. If this is a contract for consulting services, defined for purposes of this requirement to include analysis, evaluation, research, training, data processing, computer programming, engineering, environmental, health, and mental health services, accounting, auditing, paralegal, legal or similar services, then, in accordance with Section 163 (4-g) of the State Finance Law (as amended by Chapter 10 of the Laws of 2006), the Contractor shall timely, accurately and properly comply with the requirement to submit an annual employment report for the contract to the agency that awarded the contract, the Department of Civil Service and the State Comptroller.

24. PROCUREMENT LOBBYING. To the extent this agreement is a "procurement contract" as defined by State Finance Law Sections 139-j and 139-k, by signing this agreement the contractor certifies and affirms that all disclosures made in accordance with State Finance Law Sections 139-j and 139-k are complete, true and accurate. In the event such certification is found to be intentionally false or intentionally incomplete, the State may terminate the agreement by providing written notification to the Contractor in accordance with the terms of the agreement.

25. CERTIFICATION OF REGISTRATION TO COLLECT SALES AND COMPENSATING USE TAX BY CERTAIN STATE CONTRACTORS, AFFILIATES AND SUBCONTRACTORS. To the extent this agreement is a contract as defined by Tax Law Section 5-a, if the contractor fails to make the certification required by Tax Law Section 5-a or if during the term of the contract, the Department of Taxation and Finance or the covered agency, as defined by Tax Law 5-a, discovers that the certification, made under penalty of perjury, is false, then such failure to file or false
certification shall be a material breach of this contract and this contract may be terminated, by providing written notification to the Contractor in accordance with the terms of the agreement, if the covered agency determines that such action is in the best interest of the State.

26. **IRAN DIVESTMENT ACT.** By entering into this Agreement, Contractor certifies in accordance with State Finance Law §165-a that it is not on the “Entities Determined to be Non-Responsive Bidders/Offerers pursuant to the New York State Iran Divestment Act of 2012” (“Prohibited Entities List”) posted at: [http://www.ogs.ny.gov/about/regs/docs/ListofEntities.pdf](http://www.ogs.ny.gov/about/regs/docs/ListofEntities.pdf)

Contractor further certifies that it will not utilize on this Contract any subcontractor that is identified on the Prohibited Entities List. Contractor agrees that should it seek to renew or extend this Contract, it must provide the same certification at the time the Contract is renewed or extended. Contractor also agrees that any proposed Assignee of this Contract will be required to certify that it is not on the Prohibited Entities List before the contract assignment will be approved by the State.

During the term of the Contract, should the state agency receive information that a person (as defined in State Finance Law §165-a) is in violation of the above-referenced certifications, the state agency will review such information and offer the person an opportunity to respond. If the person fails to demonstrate that it has ceased its engagement in the investment activity which is in violation of the Act within 90 days after the determination of such violation, then the state agency shall take such action as may be appropriate and provided for by law, rule, or contract, including, but not limited to, imposing sanctions, seeking compliance, recovering damages, or declaring the Contractor in default.

The state agency reserves the right to reject any bid, request for assignment, renewal or extension for an entity that appears on the Prohibited Entities List prior to the award, assignment, renewal or extension of a contract, and to pursue a responsibility review with respect to any entity that is awarded a contract and appears on the Prohibited Entities list after contract award.
APPENDIX B

M/WBE and EEO REQUIREMENTS
CONTRACTOR REQUIREMENTS AND PROCEDURES FOR PARTICIPATION BY NEW YORK STATE CERTIFIED MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISES AND EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITY GROUP MEMBERS AND WOMEN

I. New York State Law

Pursuant to New York State Executive Law Article 15-A and Parts 140-145 of Title 5 of the New York Codes, Rules and Regulations ("NYCRR"), the New York State Office of General Services ("OGS") is required to promote opportunities for the maximum feasible participation of New York State-certified Minority- and Women-Owned Business Enterprises ("MWBEs") and the employment of minority group members and women in the performance of OGS contracts.

II. General Provisions

A. OGS is required to implement the provisions of New York State Executive Law Article 15-A and 5 NYCRR Parts 140-145 ("MWBE Regulations") for all State contracts as defined therein, with a value (1) in excess of $25,000 for labor, services, equipment, materials, or any combination of the foregoing or (2) in excess of $100,000 for real property renovations and construction.

B. The Contractor agrees, in addition to any other nondiscrimination provision of the Contract and at no additional cost to OGS, to fully comply and cooperate with OGS in the implementation of New York State Executive Law Article 15-A and the regulations promulgated thereunder. These requirements include equal employment opportunities for minority group members and women ("EEO") and contracting opportunities for MWBEs. Contractor's demonstration of "good faith efforts" pursuant to 5 NYCRR § 142.8 shall be a part of these requirements. These provisions shall be deemed supplementary to, and not in lieu of, the nondiscrimination provisions required by New York State Executive Law Article 15 (the "Human Rights Law") or other applicable federal, State, or local laws.

C. Failure to comply with all of the requirements herein may result in a finding of non-responsiveness, a finding of non-responsibility, breach of contract, withholding of funds, suspension or termination of the Contract, and/or such other actions or enforcement proceedings as allowed by the Contract and applicable law.

III. Equal Employment Opportunity (EEO)

A. The provisions of Article 15-A of the Executive Law and the rules and regulations promulgated thereunder pertaining to equal employment opportunities for minority group members and women shall apply to all Contractors, and any subcontractors, awarded a subcontract over $25,000 for labor, services, including legal, financial and other professional services, travel, supplies, equipment, materials, or any combination of the foregoing, to be performed for, or rendered or furnished to, the contracting State agency (the "Work") except where the Work is for the beneficial use of the Contractor.
1. Contractor and subcontractors shall undertake or continue existing EEO programs to ensure that minority group members and women are afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability, or marital status. For these purposes, EEO shall apply in the areas of recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, and rates of pay or other forms of compensation. This requirement does not apply to: (i) the performance of work or the provision of services or any other activity that is unrelated, separate, or distinct from the Contract; or (ii) employment outside New York State.

2. By entering into this Contract, Contractor certifies that the text set forth in clause 12 of Appendix A, attached hereto and made a part hereof, is Contractor's equal employment opportunity policy. In addition, Contractor agrees to comply with the Non-Discrimination Requirements set forth in clause 5 of Appendix A.

B. Form EEO 100 – Staffing Plan

To ensure compliance with this section, the Contractor agrees to submit, or has submitted with the Bid, a staffing plan on Form EEO 100 to OGS to document the composition of the proposed workforce to be utilized in the performance of the Contract by the specified categories listed, including ethnic background, gender, and federal occupational categories.

C. Form EEO - 101 - Workforce Utilization Reporting Form (Commodities and Services) ("Form EEO-101-Commodities and Services")

1. The Contractor shall submit, and shall require each of its subcontractors to submit, a Form EEO-101-Commodities and Services to OGS to report the actual workforce utilized in the performance of the Contract by the specified categories listed including ethnic background, gender, and Federal occupational categories. The Form EEO-101-Commodities and Services must be submitted electronically to OGS at EEO_CentCon@ogs.ny.gov on a quarterly basis during the term of the Contract by the 10th day of April, July, October, and January.

2. Separate forms shall be completed by Contractor and all subcontractors.

3. In limited instances, the Contractor or subcontractor may not be able to separate out the workforce utilized in the performance of the Contract from its total workforce. When a separation can be made, the Contractor or subcontractor shall submit the Form EEO-101-Commodities and Services and indicate that the information provided relates to the actual workforce utilized on the Contract. When the workforce to be utilized on the Contract cannot be separated out from the Contractor's or subcontractor's total workforce, the Contractor or subcontractor shall submit the Form EEO-101-Commodities and Services and indicate that the information provided is the Contractor's or subcontractor's total workforce during the subject time frame, not limited to work specifically performed under the Contract.
D. Contractor shall comply with the provisions of the Human Rights Law and all other State and federal statutory and constitutional non-discrimination provisions. Contractor and subcontractors shall not discriminate against any employee or applicant for employment because of race, creed (religion), color, sex, national origin, sexual orientation, military status, age, disability, predisposing genetic characteristic, marital status, or domestic violence victim status, and shall also follow the requirements of the Human Rights Law with regard to non-discrimination on the basis of prior criminal and conviction and prior arrest.

IV. Contract Goals

A. For purposes of this procurement, OGS conducted a comprehensive search and determined that the Contract does not offer sufficient opportunities to set goals for participation by MWBEs as subcontractors, service providers, or suppliers to Contractor. Contractor is, however, encouraged to make every good faith effort to promote and assist the participation of MWBEs on this Contract for the provision of services and materials. The directory of New York State Certified MWBEs can be viewed at: https://ny.newnyccontracts.com/FrontEnd/VendorSearchPublic.asp?TN=ny&XID=2528.

Additionally, following Contract execution, Contractor is encouraged to contact the Division of Minority and Women’s Business Development ((518) 292-5250; (212) 803-2414; or (716) 846-8200) to discuss additional methods of maximizing participation by MWBEs on the Contract.

B. Good Faith Efforts

Pursuant to 5 NYCRR § 142.8, evidence of good faith efforts shall include, but not be limited to, the following:

1. A list of the general circulation, trade, and MWBE-oriented publications and dates of publications in which the Contractor solicited the participation of certified MWBEs as subcontractors/suppliers, copies of such solicitations, and any responses thereto.

2. A list of the certified MWBEs appearing in the Empire State Development (“ESD”) MWBE directory that were solicited for this Contract. Provide proof of dates or copies of the solicitations and copies of the responses made by the certified MWBEs. Describe specific reasons that responding certified MWBEs were not selected.

3. Descriptions of the Contract documents/plans/specifications made available to certified MWBEs by the Contractor when soliciting their participation and steps taken to structure the scope of work for the purpose of subcontracting with, or obtaining supplies from, certified MWBEs.

4. A description of the negotiations between the Contractor and certified MWBEs for the purposes of complying with the MWBE goals of this Contract.

5. Dates of any pre-bid, pre-award, or other meetings attended by Contractor, if any, scheduled by OGS with certified MWBEs whom OGS determined were capable of fulfilling the MWBE goals set in the Contract.
6. Other information deemed relevant to the request.

V. Fraud

Any suspicion of fraud, waste, or abuse involving the contracting or certification of MWBEs shall be immediately reported to ESD’s Division of Minority and Women’s Business Development at (855) 373-4692.

ALL FORMS ARE AVAILABLE AT: http://www.ogs.ny.gov/MWBE/Forms.asp
APPENDIX C

INSURANCE REQUIREMENTS
Insurance Requirements

NYPA shall be required to procure, at their sole cost and expense, and shall maintain in force at all times during the term of this Agreement, policies of insurance as required by this Attachment. All insurance required by this Attachment shall be written by companies that have an A.M. Best Company rating of “A-,” Class “VII” or better. In addition, companies writing insurance intended to comply with the requirements of this Attachment should be licensed or authorized by the New York State Department of Financial Services to issue insurance in the State of New York. OGS may, in its sole discretion, accept policies of insurance written by a non-authorized carrier or carriers when certificates and/or other policy documents are accompanied by a completed Excess Lines Association of New York (ELANY) affidavit or other documents demonstrating the company’s strong financial rating. If, during the term of a policy, the carrier’s A.M. Best rating falls below “A-,” Class “VII,” the insurance must be replaced, on or before the renewal date of the policy, with insurance that meets the requirements above.

1. **Certificates of Insurance/Notices.** Certificates shall reference the contract number and shall name **The New York State Office of General Services, Agency Procurement Office, 32nd Floor, Corning Tower, Empire State Plaza, Albany, New York 12242** as the certificate holder.

   Only original documents (certificates of insurance and any endorsements and other attachments) or electronic versions of the same that can be directly traced back to the insurer, agent or broker via e-mail distribution or similar means will be accepted. Certificates of insurance shall be signed by an authorized representative of the referenced insurance carriers.

2. **Deadlines for Providing Insurance Documents after Renewal or Upon Request.** As set forth herein, certain insurance documents must be provided to the OGS contact identified in the Notices provision of this Agreement after renewal or upon request. This requirement means that NYPA shall provide the applicable insurance document to OGS as soon as possible but in no event later than the following time periods:

   - For certificates of insurance: 5 business days
   - For information on self-insurance or self-retention programs: 15 calendar days
   - For other requested documentation evidencing coverage: 15 calendar days

Notwithstanding the foregoing, if NYPA shall have promptly requested the insurance documents from its broker or insurer and shall have thereafter diligently taken all steps necessary to obtain such documents from its insurer and submit them to OGS, OGS shall extend the time period for a reasonable period under the circumstances, but in no event shall the extension exceed 30 calendar days.
Workers’ Compensation Insurance and Disability Benefits Requirements

Sections 57 and 220 of the New York State Workers’ Compensation Law require the heads of all municipal and state entities to ensure that other entities applying for contracts have appropriate workers’ compensation and disability benefits insurance coverage. These requirements apply to both original contracts and renewals. **Failure to provide proper proof of such coverage or a legal exemption will result in a rejection of a Bid or any contract renewal. A Bidder will not be awarded a Contract unless proof of workers’ compensation and disability insurance is provided to OGS.** Proof of workers’ compensation and disability benefits coverage, or proof of exemption must be submitted to OGS at the time of notification of tentative award, policy renewal, contract renewal and upon request. Proof of compliance must be submitted on one of the following forms designated by the New York State Workers’ Compensation Board. **An ACORD form is not acceptable proof of New York State workers’ compensation or disability benefits insurance coverage.**

Proof of Compliance with Workers’ Compensation Coverage Requirements:
- Form CE-200, *Certificate of Attestation for New York Entities With No Employees and Certain Out of State Entities, That New York State Workers’ Compensation and/or Disability Benefits Insurance Coverage is Not Required*, which is available on the Workers’ Compensation Board’s website [www.wcb.ny.gov](http://www.wcb.ny.gov);
- Form C-105.2 (9/07), *Certificate of Workers’ Compensation Insurance*, sent to OGS by the Contractor’s insurance carrier upon request, or if coverage is provided by the New York State Insurance Fund, they will provide Form U-26.3 to OGS upon request from the Contractor; or
- Form SI-12, *Certificate of Workers’ Compensation Self-Insurance*, available from the New York State Workers’ Compensation Board’s Self-Insurance Office, or

Proof of Compliance with Disability Benefits Coverage Requirements:
- Form CE-200, *Certificate of Attestation for New York Entities With No Employees and Certain Out of State Entities, That New York State Workers’ Compensation and/or Disability Benefits Insurance Coverage is Not Required*, which is available on the Workers’ Compensation Board’s website [www.web.ny.gov](http://www.web.ny.gov);
- Form DB-120.1, *Certificate of Disability Benefits Insurance*, sent to OGS by the Contractor’s insurance carrier upon request; or

An instruction manual clarifying the New York State Workers’ Compensation Law requirements is available for download at the New York State Workers’ Compensation

NYPAs failure to obtain and/or keep in effect any or all required insurance shall provide the basis for OGS’ immediate termination of this Agreement, subject only to a five (5) business day cure period. Any termination by OGS under this section shall in no event constitute or be deemed a breach of this Agreement and no liability shall be incurred by or arise against the Office of General Services, its agents and employees therefore for lost profits or any other damages.
POWER AUTHORITY OF THE STATE OF NEW YORK

30 SOUTH PEARL STREET

ALBANY, NY  12207

Electric Service Tariff for the

Metropolitan Transportation Authority

Service Tariff No. 150

Date of Issue: August 7, 2018

Issued by Keith T. Hayes, Vice President Economic Development
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Date Effective: August 2018 Bill Period
TABLE OF CONTENTS

General Information

I. Applicability........................................................................................................................................ 5
II. Frequently used Abbreviations and Terms .................................................................................. 5
III. Calculation of the Bill
    A. Component of the Bill.................................................................................................................. 7
    B. Bill Computation...................................................................................................................... 7
    C. Defined Billing Terms of Production and Delivery............................................................... 7
IV. Rates and Charges
    Service Classification No. 62
       General Small ......................................................................................................................... 9
    Service Classification No. 65
       Electric Traction Systems and Platform Lighting .............................................................. 10
    Service Classification No. 66
       Electric Traction Systems and Platform Lighting .............................................................. 12
    Service Classification No. 69
       General Large .......................................................................................................................... 14
    Service Classification No. 85
       General Large .......................................................................................................................... 17
    RIDER A
       Standby Service ....................................................................................................................... 19
    RIDER B
       Net Metering.......................................................................................................................... 23
    RIDER C
       (Reserved for future use) ......................................................................................................... 27
V. General Provisions
    A. Rules and Regulations .............................................................................................................. 28
    B. Character of Service................................................................................................................. 28
    C. Power Factor ............................................................................................................................ 28
    D. Adjustments in Charges.......................................................................................................... 28

Table of Contents – Continued on Leaf No. 3)
TABLE OF CONTENTS (continued)

<table>
<thead>
<tr>
<th>General Information - Continued</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Customer Requirements for Production and Delivery Service</td>
<td></td>
</tr>
<tr>
<td>1. Provision of Production Service</td>
<td>29</td>
</tr>
<tr>
<td>2. Provision of Delivery Service</td>
<td>29</td>
</tr>
<tr>
<td>3. Temporary Service</td>
<td>30</td>
</tr>
<tr>
<td>4. Initiation, Continuance, and Termination of Service</td>
<td>30</td>
</tr>
<tr>
<td>5. Transfer of Service</td>
<td>31</td>
</tr>
<tr>
<td>6. Redistribution of Electric Service</td>
<td>31</td>
</tr>
<tr>
<td>F. Billing Demand</td>
<td>31</td>
</tr>
<tr>
<td>G. Billing Period</td>
<td>31</td>
</tr>
<tr>
<td>H. Payment</td>
<td>31</td>
</tr>
<tr>
<td>I. Apportionment of Charges When Customer Receives Production Service from the Authority and a Third-Party</td>
<td>31</td>
</tr>
<tr>
<td>J. Customer Information for Supply Planning</td>
<td>32</td>
</tr>
<tr>
<td>K. Bill Proration</td>
<td>32</td>
</tr>
</tbody>
</table>

VI. Special Provisions Applicable to Production

| A. Energy Charge Adjustment | 33      |
| B. Effective Date of Rates and Charges | 33      |
| C. NYISO-Related Charges | 33      |
| D. Distribution Losses | 34      |
| E. Production Rate Structure Updates | 34      |
| F. Production Rate Development | 34      |

VII. Special Provisions Applicable to Delivery Service

| A. Rates and Charges |         |
| 1. Gross Receipt Tax Surcharge | 35      |
| 2. Delivery Revenue Surcharge | 35      |
| 3. Revenue Decoupling Mechanism Adjustment | 35      |
| 4. 18-a Assessment Surcharge | 36      |
| 5. Smart Grid Surcharge | 37      |
| 6. Reactive Power Demand Charge | 37      |
| 7. Other Charges and Adjustments | 37      |

(Table of Contents – Continued on Leaf No. 4)
## TABLE OF CONTENTS (continued)

| B. Delivery Service Rate Schedule | 41 |
| C. Adjustment of Charges | 41 |
| D. Proration of Monthly Rates and Charges | 41 |
| E. Minimum Bill | 42 |
| F. Seasonal Proration | 42 |
| G. Billing Period Proration | 42 |
| H. Delivery Service Rate True-up Mechanism | 42 |
| I. Delivery Rate Development | 43 |
| J. Rights | 43 |
Electric Service Tariff for New York City Housing Authority

Service Tariff No. 150

I. Applicability

To sale of firm power and energy by Authority to the Metropolitan Transportation Authority (“Customer”) and associated Accounts in accordance with the third unnumbered paragraph of Section 1005 of the Power Authority Act (Public Authorities Law § 1005) who receive Delivery Service through the Utility in whose franchise area such Customer’s facilities are located.

II. Frequently used Abbreviations and Terms

Abbreviations:

- kW kilowatt(s)
- kWh kilowatt-hour(s)
- kVA kilovolt-ampere(s)
- kVar kilovolt-amperes reactive
- NYPA New York Power Authority
- NYISO New York Independent System Operator
- TOD Time-of-Day
- GRT Gross Receipts Tax

Account(s): A metered or billed location based on Customer billing characteristics.

Agreement: An agreement between Authority and Customer containing the terms and conditions under which Authority provides Customer with a supply of electricity. The term Agreement includes the original Application for Electric Service between the Authority and Customer and the supplemental agreement made effective commencing in the January 2018 billing period, between Authority and Customer known as the Supplemental Long Term Power Supply Agreement.

Authority: New York Power Authority, an alternative name for the Power Authority of the State of New York.

Customer: The Metropolitan Transportation Authority served under this Service Tariff by the Authority in accordance with the third unnumbered paragraph of Section 1005 of the Power Authority Act. For the purposes of this Service Tariff, the term Customer may include facilities in Westchester belonging to Customer.

Delivery Service: The service that Authority procures from Utility on behalf of Authority's governmental customers.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Fixed Costs: This term has the meaning provided for in the Agreement.

(Frequently used Abbreviations and Terms – Continued on Leaf No. 6)
**Frequently used Abbreviations and Terms (Continued)**

**High Tension:** High Tension Alternating Current – 60 cycles (Frequency and voltages shown are approximate):

- Three phase at 2,400/4,150 volts
- Three phase at 3,000/7,800 volts
- Three phase at 6,900 volts
- Three phase at 13,200 volts
- Three phase at 26,400 volts
- Three phase at 33,000 volts
- Single phase and three phase at 2,400 volts
- Three phase at 69,000 volts
- Three phase at 138,000 volts

**Low Tension:** Low Tension Alternating Current – 60 cycles (Frequencies and voltages shown are approximate):

- Three phase at 120/208 volts
- Single phase at 120/240 volts
- Three phase at 265/460 volts
- Three phase at 240 volts
- Two phase at 120/240 or 230 or 240 volts

**Load Serving Entity:** This term has the meaning provided for in the Agreement.

**NYISO Tariffs:** The tariffs of the NYISO, including the NYISO OATT, as such tariffs are amended and in effect from time to time.

**P.S.C. No. 12 -- Electricity:** The rate schedule of Consolidated Edison Company of New York Inc. Governing the Delivery Service applicable to Customers, also known as “Schedule for PASNY Delivery Service” as approved by the New York State Public Service Commission, as it may be modified or superseded from time to time.

**Production:** Authority supply of power and energy, excluding Delivery Service and Third-Party Supplier power and energy.

**Rules:** 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 MTARR § 454) as now in effect and as may be later amended from time to time by Authority.

**Service Tariff:** This Service Tariff

**Third-Party Supplier:** A supplier of power and energy other than Authority.

**Utility:** Consolidated Edison Company of New York, Inc. which provides Delivery Service to the Customer purchasing firm power and energy under this Service Tariff.
III. Calculation of the Bill

A. Components of the Bill

The bill may be composed of the following components, as applicable:

<table>
<thead>
<tr>
<th>Types of Charges</th>
<th>Bill Components</th>
<th>Charge Units</th>
<th>Billing Determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>Demand</td>
<td>$/kW-month</td>
<td>kW</td>
</tr>
<tr>
<td></td>
<td>Base Energy</td>
<td>¢/kWh</td>
<td>kWh</td>
</tr>
<tr>
<td></td>
<td>Energy Charge Adjustment</td>
<td>¢/kWh</td>
<td>kWh</td>
</tr>
<tr>
<td></td>
<td>Fixed Costs</td>
<td>$ per month</td>
<td></td>
</tr>
<tr>
<td>Delivery</td>
<td>Customer or Delivery Point</td>
<td>$ per month</td>
<td># of Accounts</td>
</tr>
<tr>
<td></td>
<td>Demand</td>
<td>$/kW-month</td>
<td>kW</td>
</tr>
<tr>
<td></td>
<td>Energy</td>
<td>¢/kWh</td>
<td>kWh</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>various</td>
<td>various</td>
</tr>
<tr>
<td></td>
<td>Taxes</td>
<td>% or percent</td>
<td>on pre-tax bill</td>
</tr>
<tr>
<td>Other</td>
<td>Surcharges or Credits</td>
<td>various</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Adjustments/Reconciliations</td>
<td>various</td>
<td>n/a</td>
</tr>
</tbody>
</table>

B. Bill Computation

For each Customer Account, the bill shall be equal to the sum of the product of the unit charge for each applicable Bill Component and its respective Billing Determinant. The total Customer bill shall be the aggregate of all Customer Accounts and shall have both Production and Delivery Service charges.

C. Defined Billing Terms of Production and Delivery

The following type of rates and conditions are applicable to Production and Delivery Service.


2. TOD Rates shall apply to:
   - Any Account whose maximum demand exceeds 1,500 kW in any annual period ending September 30;
   - Any new Account whose monthly maximum demand in the Authority's estimate will exceed 1,500 kW during the first year of service; and
   - Successors of Accounts referred to above if eligible for Authority service.

(Calculation of the Bill – Continued on Leaf No. 8)
Calculation of the Bill - Continued

3. Any Account billed under TOD Rates shall be transferred to and billed under Conventional Rates when the Account’s monthly maximum demand does not exceed 900 kW for 12 consecutive months, provided however, that TOD Rates shall apply to any Account with multiple meters whose demand meter registrations, when added together for billing purposes, would qualify for these TOD Rates under any of the criteria listed in this Section and at least one of the Customer’s meters registers 500 kW or more in any month in any annual period ending September 30.

4. For Accounts transferring from Conventional Rates to TOD Rates, the first bill under TOD Rates shall be rendered when an Account’s entire usage for the billing period is subsequent to December 31 of the annual period ending September 30 in which the Account becomes subject to TOD Rates.
IV. Rates and Charges

Service Classification No. 62
General Small

Applicability:
- To use of service for light, heat and power used for general uses where the Account’s requirements do not exceed 10 kW.

CONVENTIONAL

<table>
<thead>
<tr>
<th>Energy (¢/kWh)</th>
<th>PRODUCTION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer</td>
<td>5.738</td>
<td>19.730</td>
</tr>
<tr>
<td>Winter</td>
<td>5.393</td>
<td>19.730</td>
</tr>
</tbody>
</table>

Time Period Conventional:
- All hours, all days

Season:
- Summer – June through September
- Winter – October through May

Production:
- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A. These ECA charges are reported in the “Statement of ECA Factor” which is attached to this Service Tariff.

Delivery Service:
- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1.
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  6. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.
- The General Provisions - Additional Rules, par. (3) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. (P.S.C. No. 12) are incorporated by reference and apply to this service classification.

Net Metering:
- If Rider B applies under this Service Classification, the Charges and Credits will be applied as stated in Rider B.

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Service Classification No. 65
Electric Traction Systems and Platform Lighting

Applicability:
- To use of service for light, heat and power for electric traction purposes and miscellaneous uses in connection with the operation of a railroad or rapid transit system, where the Account’s requirements are in excess of 10 kW.

CONVENTIONAL

<table>
<thead>
<tr>
<th>PRODUCTION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Tension</td>
</tr>
<tr>
<td>Demand ($/kW)</td>
<td>$4.75</td>
</tr>
<tr>
<td>Energy (¢/kWh)</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>4.505</td>
</tr>
<tr>
<td>Winter</td>
<td>4.167</td>
</tr>
<tr>
<td>Reactive Power ($/kVar)</td>
<td>Billable reactive power demand</td>
</tr>
<tr>
<td></td>
<td>Induction-generation exception</td>
</tr>
</tbody>
</table>

Time Period Conventional:
- All hours, all days

Season:
- Summer – June through September
- Winter – October through May

(SC 65 – Continued on Leaf No. 11)
### Service Classification No. 65 (continued)

**Electric Traction Systems and Platform Lighting**

#### Production:
- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A.

#### Delivery Service:
- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1.
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  7. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.
- The Special Provision 2 (P.S.C. No. 12) and General Provisions -Additional Rules, par. (3) (P.S.C. No. 12) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. are incorporated by reference and apply to this service classification.

#### Standby Service:
- If Rider A applies under this Service Classification, the Rates and Charges under Rider A will replace the above production rates.

#### Net Metering:
- If Rider B applies under this Service Classification, the Charges and Credits will be applied as stated in Rider B.

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Service Classification No. 66
New York City Public Street Lighting
(Except for service provided under Service Classification No. 80)

Applicability:
- To use of service for lighting of public streets, thoroughfares, parks and parkways; operation of traffic control signals, fire alarm signals, warning and directional signs, street crossing signals, traffic detectors, sensors and amplifiers, red light cameras, radar, municipal parking meters, illuminated traffic and warning signs, and license plates readers with the exception of the service provided under Service Classification No. 80.

CONVENTIONAL

<table>
<thead>
<tr>
<th>PRODUCTION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (¢/kWh)</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>4.477</td>
</tr>
<tr>
<td>Winter</td>
<td>4.477</td>
</tr>
</tbody>
</table>

FACILITIES CHARGE

For each point of service termination, where the Utility’s electrical system is connected to the City’s lighting unit or to a lighting circuit owned by the City

| ($ per month) | 11.05 |

Time Period Conventional:
- All hours, all days

Season:
- Summer – June through September
- Winter – October through May

(SC 66 – Continued on Leaf No. 13)
Service Classification No. 66 (continued)

New York City Public Street Lighting

(Except for service provided under Service Classification No. 80)

Production:

- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A.

Delivery Service:

- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  6. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.

- The Special Provision 3 (P.S.C. No. 12) and SC 6, Special Provisions B, C, D, F, G (P.S.C. No. 10) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. are incorporated by reference and apply to this service classification.

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Service Classification No. 69  
General Large

Applicability:
- To use of service for light, heat and power for general uses where the Account’s requirements are in excess of 10 kW.

## CONVENTIONAL

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION</th>
<th>DELIVERY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand ($/kW)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$6.38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Energy (¢/kWh)</strong></td>
<td>Summer</td>
<td>4.585</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Winter</td>
<td>4.240</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reactive Power ($/kVar)</strong></td>
<td>Billable reactive power demand</td>
<td>1.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Induction-generation exception</td>
<td>1.97</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## TOD

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION</th>
<th>DELIVERY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand ($/kW)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer: 8am – 6pm M-F</td>
<td>7.28</td>
<td>7.14</td>
<td>19.74</td>
<td>19.74</td>
</tr>
<tr>
<td>8am – 10pm M-F</td>
<td>n/a</td>
<td>21.68</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>All hours/days</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winter: 8am – 6pm M-F</td>
<td>7.28</td>
<td>n/a</td>
<td>11.47</td>
<td>11.47</td>
</tr>
<tr>
<td>8am – 10pm M-F</td>
<td>n/a</td>
<td>6.85</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>All hours/days</td>
<td>n/a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Energy (¢/kWh)</strong></td>
<td>Summer</td>
<td>5.470</td>
<td>3.705</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Winter</td>
<td>4.669</td>
<td>3.721</td>
<td></td>
</tr>
<tr>
<td><strong>Reactive Power ($/kVar)</strong></td>
<td>Billable reactive power demand</td>
<td>1.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Induction-generation exception</td>
<td>1.97</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(SC 69 – Continued on Leaf No. 15)
Service Classification No. 69 (continued)

General Large

Time Period Conventional:
- All hours, all days

Time Period TOD:
- Includes holidays

Season:
- Summer – June through September
- Winter – October through May

Production:
- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A.

Delivery Service:
- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1.
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2.
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3.
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4.
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5.
  7. Other Charges and Adjustments, as described in Section VII, Special Provision A.7.

- The P.S.C. No. 12, General Provisions Additional Rules, par. (1) and P.S.C. No. 10, SC 9, Special Provisions A and B included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. are incorporated by reference and apply to this service classification.

(SC 69 – Continued on Leaf No. 16)
Service Classification No. 69 (continued)

General Large

Standby Service:

- If Rider A applies under this Service Classification, the Rates and Charges under Rider A will replace the above production rates.

Net Metering:

- If Rider B applies under this Service Classification, the Charges and Credits will be applied as stated in Rider B.

General Large

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Service Classification No. 85
Transit Substation

Applicability:
- To use of service for light, heat and power for general uses at MTA-New York City Transit Accounts where Account’s requirements are in excess of 10 kW.

<table>
<thead>
<tr>
<th>CONVENTIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCTION</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Demand ($/kW)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Energy (¢/kWh)</td>
</tr>
<tr>
<td>Summer</td>
</tr>
<tr>
<td>Winter</td>
</tr>
<tr>
<td>Reactive Power ($/kVar)</td>
</tr>
<tr>
<td>Induction-generation exception</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Time Period Conventional:
- All hours, all days

Season:
- Summer – June through September
- Winter – October through May

(SC 85 – Continued on Leaf No. 18)
Service Classification No. 85 (continued)

Transit Substation

Production:

- The energy charges set forth above shall be subject to a monthly Energy Charge Adjustment (ECA) as described in Section VI, Special Provision A.

Delivery Service:

- Delivery Service charges set forth above shall be adjusted in accordance with certain other provisions of this Service Tariff, including but not limited to the following:
  1. Monthly Gross Receipts Tax Surcharge, as described in Section VII, Special Provision A.1
  2. Delivery Revenue Surcharge, as described in Section VII, Special Provision A.2
  3. Revenue Decoupling Mechanism Adjustment, as described in Section VII, Special Provision A.3
  4. 18-a Assessment Surcharge, as described in Section VII, Special Provision A.4
  5. Smart Grid Surcharge, as described in Section VII, Special Provision A.5
  6. Reactive Power Demand Charge, as described in Section VII, Special Provision A.6
  7. Other Charges and Adjustments, as described in Section VII, Special Provision A.7

- The Special Provision 7 included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. (P.S.C. No. 12) are incorporated by reference and apply to this service classification.

Standby Service:

- If Rider A applies under this Service Classification, the Rates and Chargers under Rider A will replace the above production rates.

Net Metering:

- If Rider B applies under this Service Classification, the Charges and Credits will be applied as stated in Rider B.

Additional provisions applicable to this service classification can be found in Section V General Provisions, Section VI Special Provisions Applicable to Production and Section VII Special Provisions Applicable to Delivery Services.
Rider A – Standby Service

A. Applicability

Applicable to Customers who would otherwise receive service under Service Classifications No. 65, 68, 69, 80, 82, 85, 91, 93 and 98 rates having generating facilities on their premises that are not in excess of eighty (80) megawatts, and which are interconnected with Authority through the Utility electric system. The nameplate rating of a Customer’s on-site generation facilities must meet or exceed 15 percent of the Customer’s maximum potential demand, consistent with the Utility tariff requirements.

Service under this Rider is limited to Customers who meet the requirements set forth in Rule 20 of Con Edison’s Electric Tariff, P.S.C No. 10. Customers must also meet the requirements set forth in Service Class 11 of Con Edison’s Electric Tariff, P.S.C No. 10 if they wish to receive compensation for Excess Energy from the Utility.

Customers receiving service under this Rider A may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as set forth in Rule 20 and Service Class 11, if applicable, of the Utility tariff.

Customer shall provide upon request of the Authority all documentation necessary to bill the Customer under this Rider A, including but not limited to data necessary to determine Production Contract Standby Demand for each applicable Account, including load, generator, and interconnection data.

The Customer must also submit NYPA’s application for production standby service to be considered. The application is available upon request. The Authority reserves the right to limit service under this Rider.

B. Type of Service

NYPA will furnish power for standby service hereunder. The type of service supplied will depend upon the voltage available from Utility.

C. Definitions:

**Total Load:** The total amount of metered demand in kilowatts consumed by a Customer and recorded on each Account’s meter during each 30 minute interval in a Billing Period (as defined in section G of General Provisions), inclusive of kilowatts of power provided by the Authority and kilowatts of power generated by Customer’s qualifying generating facility. For Customers with multiple Standby Accounts, Customer generation will be apportioned to each Account in accordance with the Utility tariff.

**Production Contract Standby Demand:** The Account’s maximum Total Load in kilowatts from the preceding 12 months, or the months for which data is available if the Account has not been in service for 12 months. If insufficient history is available, or Account’s Total Load is expected to change due to installation or removal of equipment, or Customer implementation of energy efficiency measures, the Authority will determine the Production Contract Standby Demand after consulting with Customer regarding project specifications and/or Account’s past capacity needs. Customer may request in writing an adjustment to Production Contract Standby Demand once per calendar year.
**As-Used Daily Standby Demand:** The demand in kilowatts that is metered or calculated for each day as the maximum positive difference between the Account’s Total Load less the generation kilowatts allocated to the Account in any 30-minute interval of each day during the Billing Period. In no instance will the As-Used Daily Standby Demand be less than zero.

**Excess Energy:** Energy generated by the Customer that exceeds Customer’s total energy usage in an interval and is exported to the Utility’s system.

**D. Rules of Service**

All Accounts at the Customer’s premises taking standby service shall have interval metering and shall be billed under applicable Service Class rates.

Authority power delivered under this schedule shall not be used for resale or as a substitute for power contracted for or which may be contracted for under any other schedule of Authority tariff.

Rate adjustments under this Rider A will occur in accordance with the Agreement.

Customer shall provide Authority with 30 days advance written notice of planned maintenance outages, specifying the starting date and duration of the planned outage.

**E. Determination of Production Standby Demand Charges**

The Production Standby Demand Charges in any Billing Period shall be the sum of the “Billed Production Contract Standby Demand Charge” and the “Billed As-Used Daily Standby Demand Charge” for the Billing Period, each as set forth below:

Billed Production Contract Standby Demand Charge: this shall be equal to the Production Contract Standby Demand determined for each Account multiplied by the applicable Production Contract Standby Demand Charge (see below). Where there are multiple Accounts, these values will then be summed.

Billed As-Used Daily Standby Demand Charge: this shall be the sum of the Account-level daily charges, calculated as the maximum As-Used Daily Standby Demand in each day during the Billing Period multiplied by the applicable As-Used Daily Standby Demand Charge (see below).
## Service Classification 65 Conventional

<table>
<thead>
<tr>
<th></th>
<th>Low Tension</th>
<th>High Tension</th>
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</thead>
<tbody>
<tr>
<td>Production Contract Standby Demand Charge ($/kW)</td>
<td>$0.143</td>
<td>$0.135</td>
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<tr>
<td>As-Used Daily Standby Demand Charge ($/kW-day)</td>
<td>$0.151</td>
<td>$0.143</td>
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## Service Classification 69 Conventional

<table>
<thead>
<tr>
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</thead>
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<tr>
<td>Production Contract Standby Demand Charge ($/kW)</td>
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<td>As-Used Daily Standby Demand Charge ($/kW-day)</td>
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## Service Classification 69 Time of Day

<table>
<thead>
<tr>
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<th>Low Tension</th>
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</thead>
<tbody>
<tr>
<td>Production Contract Standby Demand Charge ($/kW)</td>
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<td>$0.207</td>
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<td>As-Used Daily Standby Demand Charge ($/kW-day)</td>
<td>$0.232</td>
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## Service Classification 85 Conventional

<table>
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</thead>
<tbody>
<tr>
<td>Production Contract Standby Demand Charge ($/kW)</td>
<td>$0.198</td>
<td>$0.189</td>
</tr>
<tr>
<td>As-Used Daily Standby Demand Charge ($/kW-day)</td>
<td>$0.210</td>
<td>$0.201</td>
</tr>
</tbody>
</table>
F. **Production Energy Service**
Authority will provide energy service to the Customer under the production service class energy rates applicable to the Customer’s Account(s).

G. **Excess Energy Compensation**
The Authority will assist the Customer in applying to the Utility to receive compensation for Excess Energy exported into the Utility system.

H. **Delivery Service Charges**
Such charges for Delivery Service will reflect a direct pass through of the currently effective Utility tariff rates, including all Special Provisions, applicable to the Customer, as amended from time to time by Utility.

I. **Metering**
The Customer’s metering, for each Account, will conform to the Utility’s metering provisions. In the event the Customer requests an additional meter for standby service, the Customer shall pay the cost of the meter and installation.

J. **Power Factor Correction**
The Power Factor will be handled by the Utility in accordance with the Utility tariff or any applicable agreements between the Customer and Utility.
Rider B – Net Metering

A. Applicability:

To Customers served under Service Classification Nos. 62, 65, 68, 69, 82, 85, 91, 93, and 98 for service pursuant to a net metering arrangement provided that such Customers meet the following conditions:

1. For a Customer with solar electric generating equipment, wind electric generating equipment, micro-combined heat and power generating equipment, micro-hydroelectric electric generating equipment and fuel cell electric generating equipment located and used at its premises, as follows:
   (a) if the Customer is served under demand rates and uses solar, wind or micro-hydroelectric electric generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
   (b) if the Customer is served under demand rates and uses micro-combined heat and power generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
   (c) if the Customer is served under demand rates and uses fuel cell electric generating equipment, such equipment must have a rated capacity of not more than 1,500 kW;
   (d) if the Customer is served under energy-only rates, such equipment must have a rated capacity of not more than 10 kW.

2. Service will be provided under this Rider to eligible Customers on a first-come, first-served basis based on the date that NYPA receives notification from the Utility that the Customer has provided a complete project application in accordance with the New York State Standardized Interconnection Requirements (“SIR”) and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems adopted by the New York State Public Service Commission, as modified from time to time.

3. NYPA must also receive a completed detailed study from the Utility stating that the Utility has approved the interconnection and parallel operation of such facilities in accordance with the New York State Public Service Commission’s requirements.

4. To be considered for Net Metering service, the Customer must submit the above required documentation for applicability of service under this Rider in Sections A.2 and A.3, as well as NYPA’s application for Net Metering service, which is available upon written request. NYPA reserves the right to limit service under this Rider. Such circumstances may include, but are not limited to the following: the availability of billing data from the Utility, accurate Utility flagging of Net Metering Accounts to NYPA, Customer meter installation and functionality issues, and other technical issues.

B. Net Metering Definitions and Terms:

**Excess Energy**: The amount of energy (kWh) generated by the Customer’s electric generating equipment that is in excess to the amount of energy consumed by the Account and is exported to the Utility’s distribution system during a billing period.

**Host Account**: NYPA-served electric Account with qualified electric generating equipment located on its premises.
**Net Energy:** The difference between the energy consumed by the Account and the energy generated by the Customer’s electric generating equipment during a billing period.

**Net Metering:** The bi-directional metering process that measures the flow of energy, and registers the difference between the Account’s consumption and the energy generated by the Customer’s electric generating equipment during a billing period.

**Outstanding Charges:** Outstanding demand, energy and other production charges in the billing period, excluding any Delivery Service charges.

**Remote Net Metering:** A service offered by NYPA to its qualified Net Metering Customers that allows the Host Account’s Excess Energy that is converted into monetary credits to be applied from the Host Account to Satellite Accounts.

**Satellite Account:** NYPA-served electric Account to which Host Account’s Excess Energy is converted into monetary credits by NYPA and applied to such Account.

### C. Requirements for Service:

1. Service under this Rider is limited to Customers who meet the SIR requirements.

2. Customers receiving service under this Rider may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as required by the Utility. Customers also may be subject to additional terms, conditions and charges relative to the safe interconnection of Customer’s electric generating equipment, as may be required by the Utility.

3. Billing under this Rider will be provided once a flag identifying a Net Metering Account is received from the Utility through the Utility’s billing data files to NYPA.

### D. Metering:

Meters shall be furnished, installed, employed, and maintained as required by the Utility.

### E. Remote Net Metering:

1. Customer’s Account served under this Rider may apply for Remote Net Metering if they have solar, wind, micro-combined heat and power, micro-hydroelectric, or fuel cell electric generating equipment. Remote Net Metering is subject to the following conditions:

   (a) All Satellite Accounts must be in the same NYISO zone as the Host Account. A Satellite Account can have only one Host Account, and such Satellite Account cannot be a net metered customer-generator.

   (b) The Host Account and Satellite Account(s) shall be established in the same Customer name and located on property owned or leased by the Customer. NYPA reserves the right to require the Customer to prove that the properties served by the Host Account and all Satellite Accounts are owned or leased by the same Customer.

   (c) The Customer shall designate in its initial application to NYPA for Remote Net Metering service the Host Account and Satellite Account(s) that will be Remote Net Metered. In submitting an amended application, the Customer may designate additional Satellite Accounts or remove existing Satellite Accounts once per year, with the new designations to take effect commencing with the January bill issued for the Host Account.
F. Charges and Credits:

1. Charges
   
   (a) The Customer shall pay the rates and charges of the Customer’s applicable Service Classification for Net Energy supplied by NYPA. If the Customer is served under time-of-day (“TOD”) rates, the charge for Net Energy supplied by NYPA will be determined for each time period.

   (b) A Customer served under this Rider shall pay any customer charge, and any other rates and charges under the Customer’s applicable Service Classification regardless of whether the amount of energy produced by the generating equipment is less than, equal to, or greater than the amount of energy used by the Customer. A Customer taking service under a demand-billed Service Classification also shall pay Production Demand Charges based on the billing demand.

   (c) Delivery Service charges will reflect a direct pass-through of the Utility’s tariff charges and credits, if any, including all Special Provisions, applicable to the Account, as amended from time to time by the Utility.

2. Credits

   (a) For an Account served under a Service Classification with energy-only rates and that supplies Excess Energy to the Utility’s distribution system, any kWh of Excess Energy provided during the billing period will be applied as a kWh credit towards any net kWh used by the Account during the succeeding billing period. If an Account is billed under TOD rates, the kWh Excess Energy credit will be determined and applied, as appropriate, to each time period.

   (b) For an Account served under a Service Classification with demand billing and that supplies Excess Energy to the Utility’s distribution system, any kWh of Excess Energy provided will be converted to the equivalent monetary value at the ¢/kWh rate applicable to the Customer’s Service Classification. The monetary credit will be applied towards any Account’s Outstanding Charges. Any remaining monetary credit will be carried forward to the succeeding billing period.

   (c) If an Account participates in Remote Net Metering, any Excess Energy kWh provided to the Utility’s distribution system by the Host Account during the billing period shall be converted to its equivalent monetary value at the ¢/kWh rate applicable to the Host Account’s Service Classification. The monetary credit then shall be applied, along with any prior period remaining monetary credits, as a direct monetary credit to the Host Account’s electric bill for any Outstanding Charges. If the Host Account’s monetary credits exceed the Host Account’s Outstanding Charges, any remaining monetary credit shall be applied to the Customer’s Satellite Account(s) Outstanding Charges in the order in which the Satellite Account(s) are billed until such time that the monetary credit is reduced to zero or all Satellite Account(s) have been credited. If more than one Satellite Account bills on the same day, the monetary credit shall be applied to the Satellite Accounts’ Outstanding Charges in order of kWh usage from highest to lowest. If a monetary credit remains after all Satellite Account(s) are credited, the remainder of the
monetary credit shall be carried forward to the succeeding billing period and applied in the same manner set forth above.

3. Year-End Process
   The following procedures shall apply:
   (a) At the end of any 12-month cycle, if an Account served under a Service Classification with energy-only rates does not participate in Remote Net Metering, any Excess Energy kWh credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.
   (b) At the end of any 12-month cycle, if an Account served under a Service Classification with demand billing does not participate in Remote Net Metering, any monetary credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.
   (c) At the end of any 12-month cycle, if an Account participates in Remote Net Metering, any monetary credit remaining on the Host Account after all Satellite Account(s) have been credited (as described in sections F.2.c of this Rider) shall be carried forward to the subsequent 12-month cycle.

4. Account Closure
   NYPA requires an actual reading to close an Account under this Rider. NYPA shall close an Account upon the earlier of following dates:
   (a) the first cycle date on which a reading is taken following the requested turn off date, or
   (b) the date of a special reading, which a Customer may request for a charge.
   After an Account’s final bill is rendered, any remaining kWh or monetary credits will not be credited to the Account or transferred to another Account. If an Account participates in Remote Net Metering, a Satellite Account(s) shall no longer receive credits after the final bill is rendered for a Host Account.

5. Future Changes
   NYPA reserves the right, in any manner permitted by law and at any time, to terminate, change, or modify this Rider as deemed necessary in order to harmonize Authority’s tariff with Utility’s Rider R; as dictated by the Public Service Commission; or resulting from Authority’s staff analysis.
Rider C (Reserved for future use)

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V. General Provisions

A. Rules and Regulations

1. The Rules are hereby incorporated into this Service Tariff with the same force and effect as if herein set forth at length, except as may be noted herein. 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. Section 454.6 (d) of the Rules shall not be applicable to service hereunder.

2. The supply of service hereunder to Customer is subject to the provisions of the Service Agreement for the Delivery of Power and Energy (“Service Agreement”) and the Planning and Supply Agreement (“Planning and Supply Agreement”) both dated March 10, 1989, and both between Authority and Consolidated Edison Company of New York, Inc.; and the Consolidated Edison Company of New York, Inc. Delivery Service Rate Schedule Implementing and Part of the Service Agreement as filed with the Public Service Commission and the Federal Energy Regulatory Commission (“P.S.C. No. 12”), respectively, and as each may be amended and supplemented from time to time. In the event of any inconsistency, conflict or difference between the provisions of this Service Tariff and/or Authority's Rules on the one hand and those contained in P.S.C. No. 12, the Service Agreement, and/or the Planning and Supply Agreement on the other hand, the provisions of this Service Tariff and Authority's Rules shall govern.

3. In the event of any inconsistencies, conflicts or differences between any provisions of the Agreement and any of the agreements or documents referenced in Section V, General Provisions A.1 and 2, the provisions of the Agreement shall govern.

B. Character of Service

Alternating current; 60 hertz; 3 phase

C. Power Factor

Power factor is the ratio of real power (kW) to apparent power (kVA) for any given load and time. Authority may require Customer to maintain a power factor of not less than 95%, lagging or leading, at the meter, or as may otherwise be imposed upon Authority by Utility and/or NYISO.

D. Adjustments in Rates

Annual adjustments to rates will occur in accordance with the Agreement.
E. Customer Requirements for Production and Delivery Service

1. Provision of Production Service

From time to time, Authority will accept requests for Production service from Customer. Authority will notify Utility when Authority has accepted any new Account(s) of Customer. Authority will notify Utility of the time in which it will initiate Production service to such Accounts.

(a) With respect to Accounts transferred from Utility: Utility has agreed (in the Service Agreement) to transfer service of the Accounts which are the customers of Utility to Authority, free of any limitations on termination of contract which would otherwise apply in the absence of the Service Agreement, except that Utility shall not be required to transfer service of any Account if such customer is not current on its payment for service from Utility, does not pay promptly its final bill for service, and has not paid its outstanding financial obligations to Utility.

(b) With respect to Accounts to be transferred from Third-Party Supplier: the Customer shall be responsible for arranging to terminate its service for applicable Accounts with its Third-Party Supplier and for the transfer of service to Authority, which termination shall, in the ordinary case, be in accordance with the terms of the Customer’s service agreement with its Third-Party Supplier, and which transfer should be in accordance with the Service Agreement.

(c) Customer must, to the extent practicable notify Authority in advance of any transfer of service for applicable Accounts from Utility or a Third-Party Supplier to Authority or initiation of service that it desires to be made, but in no event will such notice be less than 30 days.

(d) Customer shall be subject to compliance with all applicable service connection and other requirements of Utility concerning initiation or modification of service as would apply to a similarly situated customer under Utility's applicable tariffs.

2. Provision of Delivery Service

Utility has agreed (in the Service Agreement) to accept power and energy from Authority, and to deliver such power and energy to Customer at such delivery points as the Utility will specify within its franchise area, utilizing Utility's transmission and distribution facilities as available for that purpose. Under the Service Agreement:

(a) Utility and/or Customer may, from time to time, be required to install new or enlarged facilities within the franchise area to serve Customer;

(b) Customer is required to coordinate directly with Utility for each requirement for a new delivery point or for enlarged or altered service at any existing delivery point including reinforcement, maintenance or removal applicable thereto;

(c) any new, enlarged or altered service or facilities that Utility supplies to its own customers under its effective service schedule or schedules without compensation additional to the standard rate for service shall be similarly available to Customers without payment of compensation beyond the standard rate for Delivery Service provided for that class of Authority customers; and
(d) when the Delivery Service requires facilities for which Utility normally would make a special charge to its own customers or would require the customer to make the installation, Utility shall specify, after discussion with Authority, the additional compensation Customer shall pay to Utility which shall not exceed the compensation which would be payable by a customer of Utility in comparable circumstances; or Customer shall install the needed facilities which shall conform to Utility's specifications and Utility shall permit their connection to its system in accordance with Utility’s specifications.

3. Temporary Service

Temporary service, if provided to prospective customers that may become Accounts of Customers, will not be the responsibility of Authority. Upon installation of the permanent service connection, service to the Account(s) shall be transferred to Authority in accordance with subsections 1 and 2 above and only then shall such Account(s) be the responsibility of Authority.

4. Initiation, Continuance, and Termination of Service

(a) Unless otherwise provided in the Agreement, the following provisions concerning continuance and termination of Service shall apply:

   a) Initiation of service will be upon approved application of Customer, under the procedures specified in the Rules.

   b) Once initiated, service will continue until cancelled or terminated by Authority pursuant to required notice as provided in the Rules.

   c) Customer may terminate service at any time after one year's service on written notice to Authority at least thirty six months in advance.

(b) Customer may effect a partial termination or reduction of service if such partial termination or reduction results from Account turn offs; load management; or energy conservation.

(c) Customer shall notify Authority and Utility in writing in advance when service is to be discontinued at an existing Account. Customer shall provide the name and address, if known, of the succeeding owner or occupant of the Account location being discontinued. If Customer desires service from Authority at another location, Customer shall file a request for such service pursuant to Authority’s requirements.
5. Transfer of Service

In the event that Customer discontinues Authority electric service in accordance with the provision of this Service Tariff entitled "Initiation, Continuance and Termination of Service", or Authority discontinues electric service to Customer, transfer of such service from Authority to a Third-Party Supplier or Utility shall be effected provided such Customer meets the Third-Party Supplier’s or Utility's prerequisites for electric service as set forth in such supplier's filed schedule for electricity service.

6. Redistribution of Electric Service

Customer may not resell, remeter (or submeter), or redistribute electric service to its tenants or occupants in the premises supplied by Authority, unless such is expressly authorized by the Authority and not violative of any applicable statutes, laws, rules or regulations.

F. Billing Demand

Except as otherwise agreed upon, for metered service the billing demand established during the billing period shall be the maximum 30 minute integrated demand for conventional service and the maximum 30 minute integrated demand during the On-Peak Demand period for TOD service. For unmetered service, the billing demand shall be determined by Authority.

G. Billing Period

Customer meters are generally scheduled to be read by Utility and bills rendered by Authority on a monthly basis, approximately thirty (30) days.

H. Payment

1. Bills computed under this Service Tariff are due and payable at the office of Authority within ten (10) days of the date of bill, subject to late payment in accordance with provision 454.6 (b) of the Rules. In the event that there is a dispute on any item of a bill rendered by Authority, Customer shall pay such bill in its entirety within the prescribed period and any necessary adjustments will be made thereafter.

2. Payment of Estimated Bill: Whenever Utility is unable, for whatever reason, to record Customer’s meter information for any monthly billing period, Authority will render to Customer an estimated bill for service for such billing period, except in the case of TOD delivery charges. This bill will be due and payable in accordance with subsection (1) of this Provision H of this Service Tariff.

Once Customer’s meter is read then Authority will render to Customer an actual, final bill approximately twenty (20) days after the conclusion of the billing period in question. Any overpayment or underpayment by Customer for the previous estimated bill, as determined by the actual, final bill for such billing period, will be treated as a credit or charge towards the bill calculated for the succeeding billing period.

I. Apportionment of Charges When Customer Receives Production Service from the Authority and a Third-Party Supplier

If the total firm power and energy delivered to the Customer is provided partly by Authority and partly by a Third-Party Supplier, then the total charges to the Customer will be pro-rated accordingly (i.e., partly at Authority's rates and partly at Third-Party Supplier’s rates).
J. Customer Information for Supply Planning

Unless otherwise provided in the Agreement, Customer agrees to cooperate with Authority in providing information on future power and energy requirements as the Authority may request from time to time.

K. Bill Proration

If conditions warrant, consistent with billing system capability and information received from the Utility, the Authority may deem it necessary to apply demand bill proration.
VI. Special Provisions Applicable to Production

A. Energy Charge Adjustment

Unless alternative provisions are set forth in the Agreement with the Authority, the Customer shall be subject to a monthly Energy Charge Adjustment (“ECA”). Pursuant to the ECA, the Authority shall reconcile any variance between the actual costs incurred and the projected costs as described in Section VI.A.1.

1. Such costs subject to the ECA include, but are not limited to: costs and revenues associated with dedicated resources, purchased power energy, capacity, NYISO ancillary services, NYISO-Related charges, hedging costs, costs and rents associated with Transmission Congestion Contracts held by the Authority to serve the Customer, and fixed costs subject to reconciliation.

2. The ECA balance will be calculated each month and shall be equal to the difference between the actual costs incurred by Authority and the projected costs as described in Section IV.A.1. The ECA balance shall be converted into an ECA rate as follows:

\[
ECA \text{ rate} (\$/kWh) = \frac{ECA \text{ balance}}{\text{forecasted energy (kWh)}}
\]

3. The monthly ECA rate, as described in Section VI.A.2, will be applied to the Customer’s billed energy in each billing period.

B. Effective Date of Rates and Charges

The foregoing rates and charges shall apply to any billing period that includes service on and after the effective date hereof, and are applicable for the entire billing period.

C. NYISO-Related Charges

Mechanisms to determine the Energy Charge Adjustment will account for all charges imposed upon Authority by the NYISO (or its successor) to serve the Customer including:

1. Charges for Ancillary Services 1 through 6 and any new ancillary services as may be provided in accordance with NYISO Tariffs;
2. Transmission Usage Charges (“TUC”) which are marginal losses and congestion costs;
3. The “NYPA Transmission Adjustment Charge” or “NTAC”;
4. Costs and rents associated with Transmission Congestion Contracts;
5. Any and all other charges, assessments, or other amounts associated with delivery of power sold to Customers by the Authority, or otherwise associated with the Authority’s responsibilities as a Load Serving Entity for Customers, that the NYISO assesses on the Authority under the provisions of the OATT or under other applicable NYISO Tariffs; and
6. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), 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.

The charges in this section shall be net of any NYISO credits or revenues.
D. Distribution Losses

The determination of the demand charge, energy charge and Energy Charge Adjustment shall account for distribution losses, which losses represent the difference between the power and energy supplied by Authority to the load bus and the power and energy received by Customers at the Account meter(s).

E. Production Rate Structure Updates

Annual updates to the Cost-of-Service, as set forth in the Agreement, shall permit the Authority to perform and to implement production rate updates on an annual basis in order to ensure that the production rate design remains cost-based. Such updates shall take into account changes in load profiles, cost allocators, marginal costs analyses reflecting Customer hourly load data and relevant charges imposed upon Authority by the NYISO, bill impacts, and Customer feedback. Nothing in this provision shall limit or expand the Authority’s ability under the Agreement to perform annual cost-of-service updates to the production rates.

F. Production Rate Development

To the extent that a new or existing NYPA Customer should take service under a service classification for which a rate has not been published in this Service Tariff, the Customer will be billed in accordance with the next most appropriate existing rate, determined at the discretion of the Authority, until an appropriate rate is developed. This includes service taken under Rider A Standby Rate.
VII. **Special Provisions Applicable to Delivery Service**

A. **Rates and Charges**

Delivery Service rates set forth in Section IV, Rates and Charges, of this Service Tariff are payable to Authority by Customer as reimbursement to Utility for the use of its facilities and for services rendered in conjunction with the delivery of power and energy.

Delivery Service charges, under this Service Tariff are subject, but not limited, to the following surcharges:

1. **Gross Receipt Tax (GRT) Surcharge**

   The charges for Delivery Service shall be increased by the applicable percentage rates set forth in the Statement of GRT Surcharge of this Service Tariff and by the applicable percentage rate of the taxes imposed by the State and/or the municipality where service is supplied on the revenues of the Utility providing Delivery Service. A copy of the current Statement of GRT Surcharge will be available upon request.

2. **Delivery Revenue Surcharge**

   The Delivery Revenue charge will collect Allowed Pure Base Revenue shortfalls that result from extension of the suspension period (January 2017), plus interest, over 11 months commencing February 1, 2017.

   The Authority allocates the charge, including GRT, to all governmental customers based on delivery amounts paid by governmental customers during the reconciliation period.

   **Statement**

   The total monetary amount, excluding GRT and KIAC, to be collected from or credited to all governmental customers is shown on the Statement of Delivery Revenue Surcharge. A copy of the current Statement of DRS will be available upon request.

3. **Revenue Decoupling Mechanism ("RDM") Adjustment**

   The Revenue Decoupling Mechanism is applied to Utility delivery service to NYPA’s governmental customers. The RDM Adjustment is a six-month true-up between Pure Base Revenue (actual) and Allowed Pure Base Revenue (target). Annual Allowed Pure Base Revenue is revised whenever there is a change in delivery rates. Pure Base Revenue under P.S.C. No. 12 means revenue attributable to charges under Rates I, II, III and IV, except as specified in P.S.C. No. 12, Additional Delivery Charges and Adjustments (D).

   **Mechanism**

   Every month Utility reconciles the difference between actual Pure Base Revenue and Allowed Pure Base Revenue under P.S.C. No. 12. Except as indicated below, every six months the cumulative difference is charged or credited to the Authority, with interest, over the six-month period that commences two months later.

   Commencing with January 2017 Pure Base Revenue monthly under/over collections will be allocated on a pro rata basis to NYPA and Kennedy International Airport Cogeneration Partners ("KIAC") based on the ratio for the month of their respective actual Pure Base Revenue.
Revenue to the total combined NYPA and KIAC actual Pure Base Revenue. The allocated monthly over/under collections will be accumulated during each RDM reconciliation period and used to calculate separate RDM Adjustments for NYPA and KIAC.

If the cumulative actual difference between actual Pure Base Revenue and Allowed Pure Base Revenue equals or exceeds $10 million under P.S.C. No. 12 plus P.S.C. No. 10 tariff before the end of six months, Utility may initiate collection or refund of RDM amounts prior to the onset of a six-month RDM collection/refund period or adjust the amounts to be collected or refunded for the remaining months of a RDM collection/refund period.

The monthly amount to be charged or credited are determined by dividing the amount to be charged or credited over the RDM collection/refund period divided by the number of months in the collection/refund period. For example, if an amount is to be charged over a six-month period, one-sixth of the amount will be billed monthly.

The Authority allocates the total RDM charge or credit, including GRT, to all governmental customers based on delivery amounts paid by governmental customers during the reconciliation period.

Statement
The total monetary amount, excluding GRT and KIAC, to be collected from or credited to all governmental customers is shown on the Statement of RDM Adjustment. A copy of the current Statement of RDM Adjustment will be available upon request.

4. 18-a Assessment Surcharge

On April 7, 2009, a change to Section 18-a of the Public Service Law ("PSL") was signed into law, which entails a Temporary State Energy and Utility Service Conservation Assessment applicable to public utility companies’ revenues. This surcharge allows Utility to recover the 18-a Assessment on its delivery service revenues that is being passed on to the Authority.

Any difference between Section 18-a amounts to be recovered and actual amounts collected, excluding GRT, will be reflected in a subsequent period surcharge; provided, however, that any reconciliation amount required to be collected after the last year that the surcharge is in effect, will be deferred, plus working capital costs, for future disposition.

Utility allocates the 18-a Assessment Surcharge to NYPA based on the class contribution to Utility’s total electric revenues, including GRT.

The Authority allocates the total 18-a Assessment Surcharge, including GRT, to all governmental customers based on the period the allocation of the 18-a Assessment Surcharge is based on.

Statement
The total monetary amount, excluding GRT and KIAC, to be collected from all governmental customers is shown on the Statement of 18-a Assessment Surcharge. A copy of the current Statement of 18-a Assessment Surcharge will be available upon request.
5. **Smart Grid Surcharge**

As directed in Case 13-E-0030, the costs of Smart Grid project work have been moved into base delivery rates for all Utility customers. The Smart Grid Surcharge in effect for the ten months commencing March 2014 will reflect the following:

a) A refund of the revenue requirement associated with the units of project work that were surcharged through December 2013 but not placed in service during calendar year 2013.

b) A refund of Smart Grid amounts that were surcharged under this Service Tariff in January and February 2014; and

c) An adjustment that reconciles prior periods

The Authority allocates the total Smart Grid Surcharge, including GRT, to all governmental customers based on delivery amounts paid by governmental customers during the reconciliation period. A copy of the current Smart Grid Surcharge will be available upon request.

6. **Reactive Power Demand Charge**

The Reactive Power Demand Charge qualifying criteria and rates applicable to Customers billed under this Service Tariff are specified under the Common Provisions (Reactive Power Demand Charge) included in the Delivery Service Rate Schedule of Consolidated Edison Company of New York, Inc. (P.S.C. No. 12). Reactive Power Demand Charges apply to customers served under Service Classifications 65, 68, 69, 82, 85, 91, 93 and 98.

7. **Other Charges and Adjustments**

In accordance with the New York State Public Service Commission’s approval of revised rates for the Utility in Case 13-E-0030, the Authority will be charged for Other Charges and Adjustments, as described in more detail below. These charges will be separately shown on the Utility’s Statement of Other Charges and Adjustments “(OTH Statement)” filed with the Public Service Commission.

a. **Charge for Demand Management Programs**

The Charge for Demand Management Programs will be applicable to Customers billed under this Service Tariff to recover program costs associated with Demand Management Programs by the Utility. These include incurred costs associated with the Commercial System Relief Program (CSRP) under Rider T, the Connected Devices Pilot, the Targeted Demand Side Management Program established in Case 09-E-0115, a portion of the net program costs (i.e., all program costs excluding Lost Reservation Payments under CSRP, and program costs of the Distribution Load Relief Program under Rider U, established in Case 10-E-0530.

The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s PSC No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the total Charge for Demand Management Programs, including GRT, to all governmental customers based on delivery amounts paid by
Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

b. **Charge for PJM OATT Rates and Charges**

The charge for PJM OATT rates and charges ("PJM OATT Charge") will be applicable to Customers billed under this service tariff to recover the costs associated with the 1,000 MW firm transmission service contract between PJM and the Utility. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s PSC No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the Charge for PJM OATT Rates and Charges, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

The Authority’s PJM OATT Charge is comprised of two components:

i) The PJM OATT rates and charges applicable to the period April 1, 2013 through December 31, 2013, net of the amount of Public Service Electric and Gas ("PSEG") wheeling charges reflected in rates during that period. This component reflects the Utility’s billed amounts under PSC No. 12 – Electricity over the 10 months commencing March 2014.

ii) The PJM OATT rates and charges applicable to the period commencing January 1, 2014. This component reflects the Utility’s billed amounts under PSC No. 12 – Electricity commencing March 2014, and will include an adjustment to recover over a three-month period the Utility’s rates and charges applicable to the period January and February 2014. This component of the Authority’s PJM OATT Charge will be capped at $4.6 million per the Utility’s Rate Year through December 31, 2016, unless this cap is extended by orders of the New York State Public Service Commission.

c. **Charges Associated with the Brooklyn/Queens Demand Management Program**

The charge will be applicable to Customers under this Service Tariff to recover costs associated with the Utility’s Brooklyn Queens Demand Management Program ("BQDMP"), until the costs are recovered through base rates. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for BQDMP, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.
d. Charges to Recover Standby Performance Credits

The charge will be applicable to Customers under this Service Tariff to recover the cost of Standby Performance Credits provided only to the Customers served under this Service Tariff and Service Tariff No. 200. The total amount of the charges applicable to Customers will be determined pursuant to the Utility’s General Rule 20.5.3 of the Schedule for Electricity in its P.S.C. No. 10. The Authority allocates the charge for the Credits, including GRT, to all of its Customers based on delivery amounts paid by the Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

e. Charge to Recover Targeted Demand Management Program and Demonstration Projects

A charge will be applicable to service under this Service Tariff to recover costs related to the Target Demand Management program and Reforming the Energy Vision Demonstration Projects, other than costs recovered in base rates. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for TDM and Demonstration Projects, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

f. Contribution to Earning Adjustment Mechanisms (“EAMs”)

Charges will be applicable under this Service Tariff to collect a portion of incentives earned by the Utility under the various EAMs. The amount to be collected is as follows: five percent of electric customers’ share of incentives earned under the Program Achievement based EAM associated with the Energy Efficiency targets; zero percent of the Program Achievement based EAM associated with the Energy Efficiency targets; a pro rate portion of electric customers’ share of incentives earned under all other EAMs. Incentives will be collected in equal increments over a 12 month period pursuant to the rate plan. The Authority allocates the charge for EAMs, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

A copy of the current statement of Other Charges and Adjustments will be available upon request.

g. Charges for Cost Studies

A charge will be applicable to service under this Service Tariff to recover PASNY’s allocation of costs to develop and apply a marginal cost study and electric customers’ share of costs for a Climate Change Vulnerability study. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for Cost Studies, including GRT, to all of its Customers based on delivery amounts paid by Customers.
delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

h. Costs and Incentives Associated with Non-Wires Alternatives ("NWAs")

A charge will be applicable to service under this Rate Schedule to recover PASNY’s allocation of costs for implementation of NWAs (adjusted for the carrying charge of any displaced capital project reflected in the Average Electric Plant in Service Balance that would otherwise be deferred for customer benefit), plus PASNY’s allocation of NWAs’ incentives earned by the Company. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for NWAs, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

i. Charges for Recovery of Bill Credit Export-only Customers

A charge will be applicable to service under this Rate Schedule to recover PASNY’s allocation of the cost of bill credits provided to export-only customers pursuant to Special Provision I of SC 11 of the Schedule for Electricity. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C. No. 12 – Electricity rate schedule and the Utility’s total combined forecasted Rate Year Delivery Revenues for all of its electricity customers. The Authority allocates the charge for Export Bill Credits, including GRT, to all of its Customers based on delivery amounts paid by Customers during the reconciliation period. A copy of the current statement of Other Charges and Adjustments will be available upon request.

j. Clean Energy Standard (CES) Delivery Surcharges

A charge will be applicable to service under this Rate Schedule to recover PASNY’s allocation of two CES components: Tier 2 Maintenance Contracts and Backstop Charges. Estimated Tier II Maintenance Contracts will be collected over each 12 month period commencing April 1. Estimated Backstop Charges will be collected over one to twelve months. The portion of these costs allocated to NYPA will be determined based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C No 12 – Electricity rate schedule and the Utility total combined forecasted Rate Year Delivery Revenues for all its electricity customers. The Authority allocates the CES Charges, including GRT, to all of its Customers based on delivery amounts paid by Customer during the reconciliation period. A copy of the current statement of Other Charges and Adjustment will be available upon request.

k. Value of Distributed Energy Resources (VDER) Costs

Costs to recover the credits paid to Value Stack customers served under Rider R for the following components: the Value Stack Capacity Component, Out of Market Environmental Component, Demand Reduction Component, and the Locational System Relief Value Component. The portion of these costs allocated to NYPA will be determined
based on the ratio between forecasted Rate Year Delivery Revenues under the Utility’s P.S.C No 12 – Electricity rate schedule and the Utility total combined forecasted Rate Year Delivery Revenues for all its electricity customers. The Authority allocates the VDER Charges, including GRT, to all of its Customers based on delivery amounts paid by Customer during the reconciliation period. A copy of the current statement of Other Charges and Adjustment will be available upon request.

B. Delivery Service Rate Schedule

1. Delivery Service under this Service Tariff is subject to the rules, regulations, terms, Common Charges, General and Special Provisions, and Additional Delivery Charges and Adjustments of the Delivery Service Rate Schedule (P.S.C. No. 12) of the Consolidated Edison Company of New York, Inc., on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II – Time-of-Day" or such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with Section V, General Provision A.2.

2. The applicable Special Provisions included in the Delivery Service Rate Schedule (P.S.C. No. 12) of Utility are incorporated by reference based on the service classifications in Section IV, Rates and Charges.

C. Adjustment of Charges

The charges for Delivery Service hereunder shall be subject periodically to an addition or deduction to reconcile the difference between the charges rendered to Authority by Utility for Delivery Service for Authority customers utilizing such Delivery Service and the charges billed by Authority to such customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for Delivery Service in a manner specified by Authority.

The charges for Delivery Service rendered under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to Authority by Utility (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

D. Proration of Monthly Rates and Charges

The foregoing rates and charges shall apply to service rendered hereunder on and after the effective date hereof. Where a bill includes periods before the effective date and after the effective date, the rates and charges applicable will be prorated based on the number of days of service rendered before the effective date and on and after the effective date related to the total number of days in the billing period.
E. Minimum Bill

Customers taking service under this Service Tariff are subject to Delivery Minimum Bill as specified in the General Provisions (Minimum Monthly Charge for Rate I and Rate II) of Delivery Service Rate Schedule of Consolidated Edison Company of New York Inc. (P.S.C. No. 12)

1. Each Month the Utility will determine for each Customer served under this Service Tariff:
   (a) Monthly pure base revenue, and
   (b) The Minimum Monthly Charge

   “Monthly pure base revenue” is equal to Customer’s Demand Charge excluding reactive power demand charges, without reference to the Minimum Monthly Charge, and exclusive of the Increase in Rates and Charges.

   “Minimum Monthly Charge” is equal to the Customer’s Contract Demand established by the Utility multiplied by 39 percent of the delivery service demand applicable to such Customer under applicable rate.

2. For any month in which the Minimum Monthly Charge exceeds the monthly pure base revenue, the Minimum Monthly Charge will be billed.

3. Where the Minimum Monthly Charge is billed, the Customer’s Demand Delivery Charge will be equal to the Minimum Monthly Charge plus reactive power demand charges and any other applicable charges.

Minimum Monthly Charge is applicable to all Customers except those subject to Rider A or Rider B of this tariff.

F. Seasonal Proration

When a bill includes periods during both the summer billing period and the winter billing period, the rates and charges applicable will be prorated based on the number of days in the summer billing period and the number of days in the winter billing period related to the total number of days in the billing period.

G. Billing Period Proration

Where Authority renders a bill for other than a 30 day period, the rates and charges will be prorated on the basis of the number of elapsed days divided by 30; except that a Customer, who terminates service less than 30 days after the commencement of service, will be billed for a month.

H. Delivery Service Rate True-up Mechanism

Delivery charges billed by the Authority to Customers are subject to annual true-up with the delivery charges billed by Utility to Authority inclusive of any discrepancies between the estimated billing, street lighting proration and minimum billing procedures of Authority and Utility. The Authority will perform the true-up each July for the 12-month period ending the preceding April, and will make any necessary refunds or surcharges as soon as practicable. Notwithstanding the previous sentence, should the over/under recovery of the Utility’s delivery charges from Customers exceed a collar of $5 million at any time, a refund or surcharge will be passed on to Customers as soon as practicable.
I. **Delivery Rate Development**

To the extent that a new or existing NYPA Customer should take service under a service classification for which a rate has not been published in this Service Tariff, the Customer will be billed in accordance with the next most appropriate existing rate, determined at the discretion of the Authority, until an appropriate rate is developed. This includes service taken under Rider A Standby Rate.

J. **Rights**

Nothing in this Service Tariff is intended to change, alter or diminish any of the rights, privileges or benefits inuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Utility and/or any other power supplier (other than Authority) which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for Delivery Service provided by Utility or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
SUPPLEMENTAL LONG TERM POWER SUPPLY AGREEMENT

This SUPPLEMENTAL LONG TERM POWER SUPPLY AGREEMENT ("Agreement") dated as of ____________, 2018, by and between the Power Authority of the State of New York, a corporate municipal instrumentality and political subdivision of the State of New York created by the Legislature of the State by Chapter 772 of the Laws of 1931, as amended ("NYPA") and the Metropolitan Transportation Authority a public-benefit corporation chartered by the New York State Legislature in 1968 ("MTA"). NYPA and MTA are referred to herein collectively, as the "Parties" and individually, as a "Party".

RECITALS

WHEREAS, pursuant to the Application for Electric Service between NYPA and MTA dated September 22, 1976 ("Application for Electric Service") and attached hereto as Exhibit B, NYPA supplies electricity to MTA;

WHEREAS, effective as of March 18, 2005, the MTA, together with the other New York City Governmental Customers ("NYCGC"), as listed in Schedule G hereto, respectively, entered into an agreement with NYPA which supplements the Application for Electric Service (the "2005 Agreement");

WHEREAS, under the 2005 Agreement, NYPA supplied energy, capacity and ancillary services to all NYCGCs, the costs of which were shared amongst the NYCGCs based on certain allocators;

WHEREAS, the Parties intend this Agreement to be a stand-alone agreement, unless otherwise noted, separate and distinct from any agreement entered between NYPA and the other NYCGCs covering the same or similar services for the same time period;

WHEREAS, the Parties wish to incorporate certain supplemental terms and conditions to the Application for Electric Service and enter into this Agreement which supersedes and replaces the 2005 Agreement;

WHEREAS, the Parties intend this Agreement to identify the following two separate and identifiable services provided by NYPA to the MTA: (1) load service, under which NYPA will continue to supply energy, capacity, and ancillary services and the MTA will pay NYPA for costs incurred by NYPA in its role as load serving entity ("LSE"), and (2) pass-through of net revenues or losses associated with the Dedicated Asset; and

NOW, THEREFORE, in consideration of the agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:
ARTICLE I
DEFINITIONS

1.1. Definitions. Capitalized terms used in this Agreement not otherwise defined herein have the respective meanings set forth in Exhibit A, which is incorporated herein as if fully stated.

ARTICLE II
ELECTRIC SERVICE

2.1. Provision of Load Services. NYPA agrees that it will continue to provide electricity for MTA, and MTA agrees to remain a customer of NYPA subject to the terms set forth herein. MTA will take delivery service of electricity from Consolidated Edison Corporation of New York, Inc. (“Con Edison”) via Con Edison’s NYPA Tariff, or its successor, without markup by NYPA. Unless subsequently agreed in writing between NYPA and MTA, NYPA will only charge MTA for costs incurred by NYPA to provide electricity to MTA, as such costs are specifically identified in this Agreement. In the event of any inconsistency between the Application for Electric Service and this Agreement, the terms of this Agreement shall prevail. Any NYPA Tariffs applicable to the MTA load will be derived in accordance with the terms of this Agreement.

2.2. Separate Bus. NYPA has placed and will continue to place the MTA on one or more distinct load buses to ensure that MTA’s load service is separate and apart from the load service of the other NYCGCs and NYPA customers. See Schedule E for load bus names.

2.3. Additional Service Conditions. The Parties agree to the following additional conditions in relation to the provision of service:

To the extent the MTA’s energy needs are not met by a third party supplier as set forth herein, MTA shall be a full requirements electricity customer of NYPA during the Term;

a. Unless directed otherwise by the MTA, any energy, capacity and ancillary services provided by NYPA to the MTA will be procured by NYPA through NYISO wholesale market purchases including auction markets and bilateral transactions settled through the NYISO;

b. NYPA will use Prudent Utility Practices when providing energy to the MTA;

c. MTA agrees to pay for its share of NYPA’s LSE Cost as set forth in Section 4.1;

d. Subject to any applicable regulatory and statutory compliance, NYPA, at MTA’s request, will structure hedges, as provided in Section 5.9 below;
c. To the extent not provided by a third party supplier as set forth herein, unless directed by the MTA, NYPA as the LSE, will satisfy the MTA’s capacity requirements using all Prudent Utility Practices to secure market-based capacity for the MTA and from any permissible capacity zones, while complying with all applicable NYISO rules.

f. NYPA will continue to engage the MTA in the pre-purchase bid strategy prior to securing market-based capacity; and

g. As provided specifically herein, NYPA will provide the MTA with all transactional documentation with respect to the details of its purchases of power for MTA’s load bus(es) (as indicated in Schedule I).

2.4. Dedicated Asset Share of Costs and Revenues

a. MTA agrees to pay for its share of the Dedicated Asset Fixed and Variable Costs which will be offset by MTA’s share of revenues from the Dedicated Asset.

b. The MTA’s Allocated Share of (1) fixed costs, (2) variable costs, and (3) energy, capacity, and NYISO ancillary services revenues derived from the Dedicated Asset shall all be equal to each other throughout the Term of this Agreement.

c. MTA will share costs and revenues associated with the Dedicated Asset with other NYCGC’s based on its allocated share.

ARTICLE III
TERM AND TERMINATION

3.1. Term. This Agreement shall be effective as of August 1, 2018 ("Effective Date"). The term of this Agreement shall commence on the Effective Date, subject to all authorizations required under Section 6.2, and shall remain in full force until December 31, 2027 (the “Term”).

3.2. Termination. This Agreement shall terminate before the expiration of the Term in accordance with the following:

a. MTA may terminate this Agreement at any time upon at least twelve (12) months prior written notification during the Term subject to subparagraph (b) below;
b. Either Party may terminate this Agreement with a termination date effective December 31, 2022, by giving the other party at least six (6) months prior written notification; and

c. The Parties agree that MTA will pay any and all unrecovered Financial Obligations incurred under the Agreement owed by MTA with interest, at the then-current One-Year U. S. Treasury Bill Interest Rate, by the end of the calendar year following the calendar year in which the termination occurred.

3.3. Effect of Termination. In the event of a termination of this Agreement, whether as a result of an expiration of its Term or the exercise of either Party of its right to terminate, a full accounting shall be made between the Parties and all accounts settled between them in accordance with Section 3.2(c), or as agreed by the Parties in writing. In no event shall any termination affect the rights and obligations of the Parties arising prior to the date of such termination.

ARTICLE IV
FIXED, VARIABLE AND OTHER COSTS

4.1. Fixed Costs.

a. Fixed Costs are defined in Exhibit A.

b. No Fixed Costs other than those referenced explicitly in this Agreement shall be billed to MTA without its express written consent.

c. Fixed Costs shall be fixed at an annual amount of one hundred and five million U.S. Dollars ($105,000,000) for the first five (5) years of this Agreement.

d. Renegotiation and Allocation of Fixed Costs. No later than July 1, 2021, the Parties shall initiate a process to renegotiate and reset the Fixed Costs and the MTA’s allocation or portion of Fixed Costs for years six (6) to ten (10) of this Agreement. If this process is unsuccessful, either Party has the option to terminate the Agreement pursuant to Section 3.2(b).

e. NYPA’s LSE Administrative Fixed Cost Related to Services Provided to NYCGCs ("NYPA’s LSE Cost"):

   i. NYPA’s LSE Cost shall be included in Fixed Costs and fixed at eight million U.S. Dollars ($8,000,000) annually.

   ii. MTA’s Allocated Share of total annual NYPA LSE Cost shall be allocated to MTA based on the average of the calendar years 2015 and 2016 D9 Allocators. The Allocated Share of Fixed Costs for MTA is 28.86 percent and shall remain fixed in calendar years 2018 through 2020. In calendar year 2020, the Allocated Shares will be revised for

i.i. For the remainder of the calendar year in which this Agreement is executed, the NYPA LSE Cost will be prorated based upon the number of days remaining.

iv. NYPA’s LSE Cost will remain the same through December 31, 2022, and MTA will continue to be responsible for its Allocated Share (28.86 percent) of the NYPA LSE Cost through December 31, 2022 irrespective of any potential decreased allocation associated with the 500 MW Plant. Schedule B, attached hereto, and contains illustrative descriptions of the Fixed Cost allocation under the initial allocation and under revised allocation of the 500 MW Plant scenarios described in Section 4.1

v. The Parties will initiate negotiations to set NYPA’s LSE Cost to NYCGCs for the second five years of this Agreement (January 1, 2023 to December 31, 2027) no later than July 1, 2021.

f. **Dedicated Asset Fixed Costs.**

i. The Dedicated Asset Fixed Cost shall be fixed at the annual amount of ninety seven million U.S. Dollars ($97,000,000) through December 31, 2022. The MTA’s Allocated Share of annual Dedicated Asset Fixed Cost will be based on the average of the D9 Allocators of the calendar years 2015 and 2016. The allocated share of Dedicated Asset Fixed Costs for the MTA is 28.86 percent and will remain fixed in calendar years 2018 through 2020. In calendar year 2020, the Allocated Shares will be revised for use in calendar years 2021 through 2022 using the average of the D9 Allocators in calendar years 2018 and 2019.

ii. For the remainder of the calendar year in which this Agreement is executed, MTA’s share of the Dedicated Asset Fixed Cost will be prorated based upon the number of days remaining.

iii. If MTA requests that its share of the Dedicated Asset be reduced or offset as set forth in Sections 5.4 or 5.5 herein, MTA’s share of the fixed costs and variable costs and benefits associated with the Dedicated Asset will be decreased proportionately based on the amount of MTA’s offset, on the date MTA’s offset becomes effective.
iv. The MTA’s share of revenues or costs associated with the Dedicated Asset will not exceed a fraction, the numerator of which is the amount of capacity supplied by NYPA as LSE as a result of MTA decreasing the amount of energy and capacity supply provided by NYPA, divided by the denominator which is the total amount of capacity of the NYCGCs assigned to the Dedicated Asset supplied by NYPA as LSE upon the Effective Date. Example: if the MTA’s current capacity is 522MW and the total amount of NYCGCs capacity is 1,809MW (522MW/1,809MW = 28.86%), and then if the MTA’s decreased capacity became 422MW, the total amount of NYCGCs capacity would now be 1,709MW (422MW/1,709MW = 24.69%). In this example, the MTA’s new share of revenues or costs would be 24.69%.

v. The Parties will initiate negotiations to set Dedicated Asset Fixed Cost for the second five-year term of this Agreement (January 1, 2023 to December 31, 2027) no later than July 1, 2021.

vi. NYPA will continue to use Prudent Utility Practices to manage Dedicated Asset Fixed Cost.

vii. MTA will receive a pro-rated share of the In-City UCAP provided by the 500 MW Plant, or other resources if necessary, which is equivalent to minimums of 504 MW of UCAP in the NYISO winter capability period and 449 MW of UCAP in the NYISO summer capability period. MTA’s share of the 500 MW Plant UCAP is determined by the D9 Allocator and currently is 145 Winter MW and 130 Summer MW. The D9 Allocator is subject to adjustment pursuant to the terms set forth herein. For the avoidance of doubt, the MTA’s pro-rated share of In-City UCAP will be adjusted in accordance with the provisions set forth in section 4.1(f)(iv) herein.

**Relinquished Allocated Share of Dedicated Asset**

In the event that one or more of the NYC Governmental Customers relinquishes a portion of, or its entire Allocated Share (a “Relinquished Allocated Share”) of the Dedicated Asset, the Relinquished Allocated Share shall be offered to NYC Governmental Customers as follows:

i. If only one NYC Governmental Customer elects to take a Relinquished Allocated Share, NYPA will redistribute such Relinquished Allocated Share to that customer, as illustrated in Scenario 3 of Schedule B.

ii. If more than one NYC Governmental Customer elects to take a Relinquished Allocated Share, such Relinquished Allocated Share will be distributed amongst those NYC Governmental Customers according to their respective Allocated Shares in effect at the time immediately prior to when
the Relinquished Allocated Share becomes available, as illustrated in Scenario 4 of Schedule B.

iii. If none of the NYC Governmental Customers elects to take a Relinquished Allocated Share, NYPA will be responsible for the costs and will receive the revenues associated with that unclaimed Relinquished Allocated Share, as illustrated in Scenario 2 of Schedule B.

iv. During the calendar year 2020 process of revising the Allocated Shares for use in the calendar years 2021 and 2022, in revising the D9 Allocators pursuant to Section 4.1(d), any unclaimed Relinquished Allocated Share(s) as described under Section 4.1(c) shall be used by NYPA as a substitute for determining the calculation of the NYC Governmental Customers’ total Allocated Shares, as illustrated in Scenarios 5 and 6 of Schedule B.

4.2. Billing of Fixed Costs

a. On an annual basis, the MTA’s Allocated Share of the NYPA LSE Cost and Dedicated Asset Fixed Cost (together “Fixed Costs”) shall be apportioned between the MTA sub-agencies based on the prior year’s annual energy (kWh) E1 Allocator. Monthly charges for Fixed Costs will be apportioned to account-level detail based on the prior billing period’s energy usage. The annual amount for Fixed Costs will be represented as a fixed monthly charge in one line item on MTA’s bill. The Fixed Costs allocation to the account level will not be subject to any future billing adjustments related to energy re-bills. NYPA may charge MTA separately for any incremental costs associated with a change in the billing methodology requested by MTA. MTA shall provide NYPA twelve (12) months prior written notice for such changes.

b. All payments shall be due in 10 calendar days after the invoice date. In case of electronic file transfer, any changes to the file format should be provided to the MTA for testing at least one month in advance of the implementation of the changes. NYPA shall continue providing billing data to the MTA in a detailed, uniform, and consistent format.

4.3. LSE Variable Costs and Dedicated Asset Variable Costs and Revenues

a. LSE Variable Costs:

i. Variable costs and revenues will no longer be allocated among the NYCGC's, provided, however, that certain variable costs and revenues, such as Historic Fixed Price Transmission Congestion Contracts (“HFPTCCs”), and Excess Demand Curve Charges will be allocated amongst the NYCGC's.
ii. Variable costs incurred to provide energy, ancillary services to, and capacity procurement for, the MTA ("LSE Variable Costs") will be a direct pass-through to the MTA and shall include the documented costs specifically associated with NYPAR’s supply of energy and capacity as provided in the Monthly Cost of Service Report and NYISO DSS reports as shown in Schedule I.

iii. Any costs of purchases of energy, capacity, or ancillary services described in Section 5.4, 5.5(a), and 5.5(c) shall be considered LSE Variable Costs authorized by the MTA.

b. Dedicated Asset Variable Costs and Revenues:

i. Variable costs and revenues associated with the Dedicated Asset shall be passed-through, at cost, based upon MTA’s energy or capacity usage assessed by the NYISO or the appropriate allocators, where applicable, as shown in Schedule F, herein. Dedicated Asset Variable Costs shall be offset by the appropriately allocated, documented revenues earned in NYISO sales of energy, capacity, and ancillary services, and shall be reported on a monthly basis by NYPAR as provided in the Monthly Cost of Service Report.

ii. The allocated shares of Dedicated Asset shall remain fixed for calendar years 2018-2020 and will be revised for 2021 and 2022 when the Fixed Cost Allocated Shares are revised pursuant to Section 4.1(d).

iii. No Variable Costs other than those referenced explicitly in this Agreement shall be billed to MTA without its express written consent.

iv. NYPAR shall use Prudent Utility Practices to manage Dedicated Asset variable costs and maximize associated benefits.

v. To manage costs of Regional Greenhouse Gas Initiative allowances or any other similar allowances mandated by federal or state government, NYPAR will continue its practice of consulting with the MTA regarding pre-purchase bid strategy prior to securing such allowances.

c. Renegotiation and Allocation of Variable Costs. No later than July 1, 2021, the Parties shall initiate a process to renegotiate and reset the MTA’s allocation or portion of the Dedicated Asset Variable Cost for years six (6) to ten (10) of this Agreement. If this process is unsuccessful, either Party has the option to terminate the Agreement pursuant to Section 3.2(b).
4.4. Reporting

a. LSE Function Reporting

i. NYPA will provide the MTA with all transactional documentation with respect to the details of NYPA’s purchases of Power for MTA’s load bus(es) compiled from DSS reports, as indicated in Schedule 1.

ii. Additional Reports Not Covered Under Fixed Costs. Upon written request by MTA, NYPA will provide additional reports, studies or analyses not contemplated under Fixed Costs. To the extent that NYPA can demonstrate that such reports, studies or analyses impose incremental costs, NYPA may charge MTA separately for such incremental costs.

iii. NYPA will continue to provide to the MTA the Annual Staff Report, the Annual and Monthly Cost of Service Reports, the Annual Estimated Savings Report, the Monthly Variance and ECA Report, the Monthly Portfolio Price Risk and Position Report and Market Update Report.

b. Dedicated Asset Financial Reporting

i. NYPA shall provide the MTA with the quarterly plant performance report on a quarterly basis.

ii. NYPA will continue to provide the MTA with the Monthly Cost of Service Report.

4.5. Transitional Costs. Transitional Costs consist of certain costs incurred in calendar years 2016, 2017, and 2018, as well as MTA’s final contributions associated with the decommissioning of the Poletti and Kensico plants, as fully set forth and as specified and quantified in Schedule C annexed hereto. MTA shall pay NYPA its share of such Transitional Costs in equal monthly payments over a three (3) year period, starting in January 2018. MTA’s share of the Transitional Costs is 28.86 percent, with the exception of “Asset Retirement - Kensico (2018-2022)”, of which MTA’s share is 31.43 percent.

a. For the remainder of the calendar year in which this Agreement is executed, MTA’s share of the Transitional Costs will be prorated based upon the number of days remaining.

a. Delivery surcharge exemptions applicable to NYC Governmental Customers will continue as is, unless and until modified by the New York State Public Service Commission ("Commission"), provided that, as part of the services covered by the Fixed Costs, NYP将在 actively seek to protect such exemptions in proceedings before the Commission consistent with past practices. Costs for Third-Party Services to support positions taken by NYP on behalf of the MTA are subject to the MTA's prior approval. NYP and the MTA will work together to determine whether any Third-Party Services provide incremental benefit to the MTA given its own rate case representation. If the MTA approves such Third-Party Services, these costs will be excluded from the Fixed Costs and recovered consistent with Schedule D. If the MTA does not approve such Third-Party Services, NYP and the MTA will discuss and collaborate to coordinate their respective positions, to the extent possible.

b. NYP will continue to support the MTA's position in relevant New York State Public Service Commission proceedings as applicable and within reason, so long as said support is not adverse to NYP or any NYP customer's position. NYP will not support positions of other NYP customers adverse to the MTA, provided that notwithstanding the foregoing, and regardless of the position of MTA or any other customer, NYP is always free to support its own position on any issue.

c. To the extent practicable, NYP will assist and support the MTA in its effort to maximize and expedite benefits associated with Con Edison's Advanced Metering Infrastructure project, and assist the MTA's efforts to obtain real-time metering and billing information from Con Edison.

4.7. **Zero Emission Credits and Con Edison Charges.** Applicable Zero Emission Credits, Renewable Energy Credits and Con Edison delivery charges will continue to be passed-through at cost, without mark-up. To the extent that any charges are collected hereunder and thereafter refunded, such refunds will be passed back to MTA as they are received by NYP, without interest.

**ARTICLE V**

**ADDITIONAL COVENANTS**

5.1. **Rate Design Study and New Tariffs.**

a. By no later than July 1 of each year during the Term of this Agreement, MTA shall provide NYP with a forecast of any load increases or decreases expected for the upcoming calendar year. Based on a market snapshot derived during the month of September, NYP will develop a final Cost-of-Service for the upcoming calendar year. The Cost-of-Service shall be prepared by the end of the second week in November of each year during the Term, using the Fixed Costs, Variable Costs and Transitional Costs as set forth in this Agreement. NYP tariff rates will continue
to be set annually for variable costs. NYPA will provide MTA with reports as described in Section 4.4.

5.2. **Debt Service.** The debt service included in the Fixed Costs for the 500 MW Plant during the Term of this Agreement shall be at the levels attached hereto as Schedule “H” for reference.

5.3. **AEII Plant Agreement and Hydroelectric Facilities.**

a. The Astoria Energy II (“AEII”) plant will continue to support the supply of energy and capacity to MTA. Costs for the AEII plant will be recovered pursuant to the existing separate agreement covering AEII, as further described in Section 6.1.

b. As of the Effective Date, the upstate hydroelectric facilities (Ashokan, Crescent, Jarvis, Vischer Ferry, and Blenheim-Gilboa) are not included in MTA’s portfolio of dedicated resources and the costs associated with these facilities will not be charged to MTA however one or more such facilities may be added, to the extent such facility is available, to the MTA’s portfolio as a Supplemental Dedicated Asset(s), upon mutual written agreement of the Parties. All mutually agreed upon costs and revenues associated with Supplemental Dedicated Assets will be billed through to the MTA.

5.4. **Purchase of Renewable Market Products.** The Parties may pursue short-term and long-term renewable options for the benefit of MTA. The Parties will modify this Agreement, in accordance with Section 6.6, to account for any purchases of such renewable resources elected by MTA. The ten (10) percent cap set forth in Section 5.5 below shall not apply to purchases under this Section. Any purchases of renewable market products (e.g., energy, capacity or ancillary services) by MTA, or by NYPA on behalf of MTA, during the Term will offset NYPA provision of equivalent market products. The Parties agree that MTA will pay any and all Financial Obligations owed by MTA arising from such renewable market purchases. Purchases by NYPA for MTA pursuant to this Section shall be subject to NYPA’s procurement guidelines and statutory authority. The Parties further agree in relation to this Section:

a. MTA will provide written notice to NYPA of its decision to purchase renewable market products hereunder at least one hundred and fifty (150) days prior to MTA’s proposed date for deliveries of such products to commence, and MTA and NYPA will engage in a collaborative process to allow for NYPA to offset its provision of equivalent market products effectively. MTA shall designate the market products that are part of its supply portfolio that will be offset by renewable resources during this collaborative process.
b. Renewable Energy Credits associated with renewable market product purchases hereunder shall belong to MTA in order to meet New York State renewable energy goals.

c. Offsets from the 500 MW Plant as a result of the purchase of renewable resources hereunder shall reduce MTA’s Allocated Share of Fixed Costs associated with the 500 MW Plant and Variable Costs, and will contemporaneously reflect the percent by which its purchases are reduced, consistent with Sections 4.1 and 4.3 above.

d. Once a reduction has been effectuated, upon request by MTA, NYPA will offer back such offsets or reductions of the 500 MW Plant to MTA, consistent with the terms in Sections 4.1 and 4.3, unless NYPA is negotiating a contract for, or has contracted for, the sale of the offset capacity and/or energy from the 500 MW Plant to another party, and as illustrated by the calculation example in Schedule B.

5.5. **Right to Purchase Capacity/Electricity.**

a. **Wholesale Purchases from Third Parties – NYPA Remains as an LSE.** Provided that the MTA gives NYPA at least six (6) months prior written notice, MTA shall have the right to (i) directly purchase, in aggregate, up to fifty percent (50%) of each of its capacity, energy and ancillary services requirements during the Term (in one or more increments) from a third party Wholesale Supplier, with NYPA remaining the LSE for said percentage, responsible for scheduling and balancing the load and maintaining compliance with all applicable state and federal laws and regulations; or (ii) consistent with NYPA’s procurement guidelines and statutory authority, MTA may authorize NYPA to purchase up to ten (10) percent of MTA’s requirements from a specific Wholesale Supplier, which shall be passed through at cost, plus incremental costs incurred by NYPA related to scheduling, dispatching or settlement of loads between NYPA and the new supplier.

b. **Retail Purchases from Third Parties – Third Party Becomes the LSE.** After collaboration with NYPA, regarding potential impacts, the MTA may, at its sole discretion, upon not less than six (6) months’ notice to NYPA, elect to replace one or more of MTA’s Accounts, with supply from one or more third party Retail Suppliers, under terms upon which such new Retail Supplier(s) will become the LSE for these Accounts, scheduling and balancing the transferred Accounts’ load and ensuring compliance with all applicable state and federal laws and regulations. MTA will coordinate with Con Edison & the NYISO on fulfilling all requirements related to supply of the portion of MTA’s requirements represented by such Accounts by the new Retail Supplier and LSE. MTA shall be responsible for any costs associated with market purchases procured on MTA’s behalf, as well as all incremental costs associated with NYPA’s coordination with such third-party Retail Suppliers. Upon the agreed effective date of the replacement, NYPA will no longer have any responsibility under this Agreement, financial or otherwise, with
respect to the portion of MTA’s requirements for these Accounts, except and to the extent provided in Section 4.1(f).

c. **Procurement of Retail Supply – NYPAP Continues as LSE.** Provided that the MTA gives NYPAP at least six (6) months prior written notice, MTA shall have the right to (i) directly purchase, in aggregate, up to fifty percent (50%) of each of its capacity, energy and ancillary services requirements during the Term (in one or more increments) from a third party Retail Supplier, with NYPAP remaining the LSE for said percentage, responsible for scheduling and balancing the load and maintaining compliance with all applicable state and federal laws and regulations; or (ii) consistent with NYPAP’s procurement guidelines and statutory authority, MTA may authorize NYPAP to purchase up to ten (10) percent of MTA’s requirements from a specific Retail Supplier, which shall be passed through at cost, plus incremental costs incurred by NYPAP related to scheduling, dispatching or settlement of loads between NYPAP and the new supplier.

d. If MTA makes such election to purchase any capacity, energy and/or ancillary services from third-party Retail Suppliers under this Section 5.5(b), NYPAP will contemporaneously reduce the MTA’s Allocated Share of Dedicated Assets Fixed Costs and Dedicated Assets Variable Costs as well as all revenues and benefits associated with the Dedicated Asset (such as, but not limited to, NYPAP discounted Con Edison delivery rates, Grandfathered and Historical Fixed Priced TCCs) to reflect the percent by which NYPAP’s supply is reduced, consistent with Sections 4.1 and 4.3, above.

e. For distributed generation (“DG”) projects expected to offset more than 10 MW of supply from NYPAP on a continuous basis, the MTA will notify NYPAP in writing as soon as is reasonably practical of the anticipated installation dates of such DG projects, and, in any event, not less than six (6) months in advance of the anticipated completion of such installation. In order to meet the MTA’s low-cost objectives, the MTA will notify NYPAP of other actions that have the impact of materially (by more than 10 MW) decreasing the MTA’s load or energy supplied by NYPAP including, but not limited to, installation of emergency generation, participation in demand response programs or installation/utilization of energy efficiency measures.

f. Subject to section 4.1(e), in the event that the MTA ceases to procure any of its requirements or decreases the amount of energy procured from a source other than NYPAP, NYPAP shall, upon five (5) months’ advance notice, provide energy and related products to satisfy MTA’s requirements within the Con Edison service territories, subject to Con Edison and NYISO processes. MTA’s rights under this Section 5.5 are subject to (i) completion and/or settlement of existing outstanding third-party purchase obligations with respect to any portion of the MTA’s requirements being replaced, and (ii) MTA remaining current on all Financial Obligations.
5.6. **Pro-Rata Share of Transmission Congestions Contracts.** Expiring Grandfathered Transmission Congestion Contracts ("TCCs") 189.2 and 190.2 under NYISO Open Access Transmission Tariff Schedule "L" (the "Lower Path") were converted to Historic Fixed Price Transmission Congestion Contracts ("HFPTCCs") in 2017. Consistent with NYISO notices and rules, MTA received its pro-rated share of such Lower Path HFPTCCs, 178 MW. NYPA has recovered the costs associated with MTA's share of the 2017 HFPTCCs during 2017. Unless terminated at MTA's request based on annual election, Lower Path HFPTCCs will remain in place during the Term of this Agreement, and costs for such HFPTCCs in subsequent years will be recovered in equal monthly amounts during each calendar year of the Term. Should Grandfathered TCC numbers 189.1 and 190.1 under NYISO Open Access Transmission Tariff Schedule "L" (the "Upper Path") expire during the Term hereof, NYPA will endeavor to convert such Upper Path TCCs to HFPTCCs. If successful, NYPA will offer MTA its pro-rated share of such TCCs in the same manner as described for the Lower Path HFPTCCs above, with interest, at the then current One-Year U. S. Treasury Bill Interest Rate. Each year NYPA will provide a projected cost/benefit analysis of the HFPTCC option at least two (2) months prior to when MTA has to (a) elect to purchase Upper Path HFPTCCs, or (b) terminate all or a portion of existing Lower or Upper Path HFPTCCs. If available, MTA will have the option to purchase any HFPTCCs not purchased by other NYC Governmental Customers. NYPA will provide MTA with a monthly report on MTA's TCC price settlements based on hourly data.

5.7. **Energy Charge Adjustment.** Variable costs under Section 4.3 of this Agreement shall be billed to MTA via monthly energy rates. Any variance between projected and actual costs shall be reconciled through the Energy Charge Adjustment ("ECA") mechanism.

5.8. **Hedge Options.**

a. NYPA will have in place at the execution of this Agreement the system support, tools and capabilities to execute the MTA's requested hedges and report on such hedges based on the MTA's reporting requirements, consistent with the capabilities of NYPA's system, in order to enable the MTA to manage its internal portfolio targets based on its own risk preferences.

b. At MTA's sole option, hedge strategies developed by the MTA will be communicated to NYPA for execution. The MTA must expressly direct in writing to the execution of any hedges or a strategy which may entail the execution of products. Hedging Options include features such as caps, collars or other risk management techniques (to the extent consistent with the risk management policies adopted by NYPA's Board of Trustees) specified by MTA. MTA may specify for modeling purposes the levels, confidence levels, volatility bands, and other parameters for each hedging option. The risk management strategies shall be designed to reduce potential volatility in variable fuel, purchased power, ancillary services, and other NYISO-related costs and off-setting revenues. Hedging Costs will be passed-through the ECA to MTA as a Variable Cost. All hedging risks, including credit exposure shall be borne by MTA.
c. Hedging of MTA Energy Supply Purchases

i. All advance purchases of energy and related products will be limited to periods not more than 12 months after the date of execution of such purchase or to a 12-month forward term of applicable hedge; however, at the discretion of the MTA, the forward term can be for a period of greater than 12 months if MTA expressly directs in writing to such longer period. In the event of termination, any gains or losses from such hedge(s) already in place for periods extending beyond the termination date will be passed through to the MTA until the expiration of such hedge(s).

ii. Throughout the term of this Agreement, NYPA will utilize, for the MTA's benefit, NYPA's most recently implemented commodity risk management system until such time as a replacement system is installed which NYPA will then utilize. Any system utilized by NYPA must have the ability to model and report on the MTA's portfolio for variable commodities such as energy, capacity, fuel, and other hedge-able items.

iii. NYPA will not perform any hedging design, analysis or execute transactions, nor will it charge the MTA for such services, unless specifically requested to do so by the MTA.

iv. Hedging, as reasonable, will be performed by NYPA on behalf of the MTA with NYPA as the counterparty utilizing its own existing credit agreements.

v. NYPA will provide to the MTA monthly summary risk management reports focused on the hedge position quantities, mark-to-market values and other such financial performance information and costs to be charged by NYPA, including NYPA's transaction costs, exchange fees, credit and other hedging costs associated with the implementation of MTA's hedging strategies, to be specified by MTA in advance of execution of the Agreement, including but not limited to:

   a) Hedge volumes by commodity and strategy;
   b) NYPA's provision of scenario impact analyses to MTA, and
   c) Other relevant reporting and analysis features readily available from NYPA's currently used risk management system. As additional capabilities become available, such capabilities will be made available to the MTA

vi. Upon the MTA's request, NYPA will provide readily available information from its risk management system. If this information cannot be easily obtained via standard functionality, any reasonable and documented incremental costs of providing such information will be borne by MTA.

d. Hedging of Dedicated Asset Fuel Purchases
i. NYPA will utilize its most recently implemented commodity risk management system for 2018 until such time as a new hedge system is installed after which the new system shall be utilized and NYPA will model the MTA’s share of fuel expense necessary for and associated power revenue resulting from the operation of the Dedicated Asset.

ii. NYPA will provide to the MTA monthly reports, to be mutually agreed upon by MTA and NYPA including:

1. Measured and analyzed natural gas basis risk;
2. Scenario impact analyses,
3. Other relevant reporting and analysis features available including projected margin.

iii. Any reasonable and documented incremental costs associated with said request will be passed through to the MTA.

5.9. Most Favorable Terms. Upon one hundred and twenty (120) days’ notice prior to each start of the calendar year, up to and including year five of this Agreement, MTA may elect to receive service under such price and other terms equivalent to the most favorable terms offered by NYPA to any similarly situated New York City Governmental Customer listed within Schedule G ("Comparable Customer"). Such comparable price and terms shall include the Fixed Costs, Transitional Costs, Sections 4.1 and 4.6 and Schedules A and C, and/or any discounts on Variable Costs offered to a Comparable Customer, other than hedges or power supply procured by the Comparable Customer or by NYPA at the direction of the Comparable Customer. If the MTA exercises this option for such other terms and conditions, the MTA shall be required to accept all terms applicable to for such other customers (including the period of time to which they apply).

ARTICLE VI
MISCELLANEOUS

6.1. 2005 Agreement

(a) Except as set forth in subpart (b) of this Section 6.1, this Agreement fully supersedes and replaces the 2005 Agreement, including the following provisions:

i. The O&M Reserve Charge;
ii. The 80/20 voting rule; and
iii. Existing caps on the installation of clean on-site or renewable resources.

(b) Notwithstanding the provisions of subpart (a) of this Section 6.1, or any other provision of this Agreement, the “Agreement Implementing Article XI of 2005 Agreement Concerning New Long-Term Supply Contract (RFP #5)” executed
on July 10, 2008, ("2008 Agreement") shall survive and remain in full force and effect with respect to NYPAs’s arrangements with AEII and the obligations of the “Customers”, as defined in the 2008 Agreement.

6.2. **Approvals.** The execution of this Agreement will be contingent on approval by MTA’s governing board, authorized executive and or commissioner, and approval by NYPAs’s Board of Trustees.

6.3. **Notices.** All notices and other communications required or permitted to be given under this Agreement will be in writing and deemed to have been given: (i) one (1) business day after being delivered by hand; (ii) five (5) business days after being mailed first class or certified with postage paid; (iii) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification or receipt; (iv) on the date of transmission when sent by electronic mail or facsimile (with receipt of confirmation of transmission), if sent during normal business hours of the recipient, or if not, then on the next business day; or (v) on the date of rejection or refusal of such notice or other communication:

If to NYPAs, to:

Power Authority of the State of New York  
123 Main Street  
Mail Stop 10  
White Plains, NY 10601  
Attn: Vice President, Economic Development

With copies to (at the same address):

NYPAs General Counsel

If to MTA, to:

Metropolitan Transportation Authority  
Attn: Executive Vice President and Chief Financial Officer

With copies to (at the same address):

Deputy General Counsel for Corporate Affairs

6.4. **Expenses.** Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in anticipation of, relating to and in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby.

6.5. **Recitals.** The recitals to this Agreement are true and correct and incorporated herein by this reference.
6.6. Amendments and Waiver. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party. Any failure of a Party hereto to comply with any obligation, covenant, agreement or condition herein, may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver.

6.7. Entire Agreement. This Agreement including the Exhibits and Schedules attached hereto and the Application for Electric Service, contains the entire agreement among the Parties with respect to the transactions contemplated hereby and supersedes all previous oral negotiations, commitments, understandings and agreements. This Agreement also may be subject to other applicable tariffs including, but not limited to, the NYPAR Tariffs and Rules and Regulations. In the event of any conflicts in the terms of this Agreement and the NYPAR Tariffs or Rules and Regulations, or any other agreements arising therefrom, this Agreement shall control.

6.8. Further Assurance. The Parties agree to cooperate fully and execute any and all supplementary documents and take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

6.9. Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by either Party by merger, operation of law or otherwise without the prior written consent of the other Party.

6.10. Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

6.11. Invaliic Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, provided that the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby: (a) such provision will be fully deemed severable, and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (b) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (c) in lieu of such illegal, invalid or unenforceable provision, the Parties will endeavor to add to this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

6.12. Construction. This Agreement is the product of negotiation and joint effort between the Parties hereto. Accordingly, the language, terms and conditions of this Agreement shall not be construed more strictly against either of the Parties in the event a question of interpretation, construction or meaning should hereafter arise.

6.13. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. The Parties agree that any and all claims asserted by or against MTA arising under or related to this Agreement shall solely be heard and determined either in the courts of the United States located in the courts of the State located in the
City and County of New York. The Parties shall consent to the dismissal and/or transfer of any claims asserted in any other venue or forum to the proper venue or forum.

6.14. Dispute Resolution. The Parties shall use good faith efforts to settle all disputes arising under this Agreement. In the event that a dispute cannot be resolved in the normal course of business, there will be an attempt to resolve the dispute by negotiation between representatives who have the authority to settle the controversy. To the extent the dispute is not resolved under this process, non-binding mediation may be elected by said representatives by written notice. The dispute may be submitted to an expedited, non-binding mediation proceeding before a qualified mediator in accordance with the mediation rules of the American Arbitration Association. Any mediation will be considered an effort to settle the dispute and no written decision will be issued. The Parties reserve the right to seek judicial relief at any time.

6.15. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Signatures conveyed via facsimile or by other electronic means shall have the same force and effect as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]
IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the date first above written.

POWER AUTHORITY OF THE
STATE OF NEW YORK

By: ______________________
Name: Keith T. Hayes
Title: Vice President Economic Development

METROPOLITAN TRANSPORTATION
AUTHORITY

By: ______________________
Name: Robert E. Foran
Title: Chief Financial Officer
EXHIBIT A

DEFINITIONS


“2005 Agreement” has the meaning set forth in the Recitals of this Agreement.

"Account" means a specific portion of MTA’s retail capacity, energy and ancillary services requirements, designated by Con Edison, deliverable to or associated with a specified location or facility of which commodity billing for production and delivery are assigned.

“AEII” means the Astoria Energy II Power Plant, located at 17-10 Steinway Street in the Astoria section of Queens County, New York, which is covered under a separate agreement.

“Allocated Share”, with respect to MTA for any period, means an assigned portion of a product (costs, revenues, MW, MWh, etc.) amount determined by the applicable allocator with respect to such period.

“Allocation to Capital” is an allocated share of NYCGC indirect component of capital labor support from a directly charged capital projects and represents the expenses of doing business that are not readily identified with a particular directly charged capital project.

“Application for Electric Service” has the meaning set forth in the Recitals of this Agreement.

“Con Edison” means Consolidated Edison Company of New York, Inc.

“Con Edison’s NYPA Tariff” means “P.S.C. No. 12 -- Electricity: The rate schedule of Consolidated Edison Company of New York Inc. Governing the Delivery Service applicable to Customers”, also known as “Schedule for PASNY Delivery Service” as approved by the New York State Public Service Commission, as it may be modified or superseded from time to time.

“Contracted Services” are services provided by non-NYPA staff to fill a temporary gap in capacity or to provide subject matter expertise that does not currently exist within the NYPA employee base, all under the direct supervision of NYPA employees. Contracted Services include services directly charged to the 500 MW Plant and headquarter services allocated to the NYCGC base. Contracted Services explicitly exclude those services requested specifically by the NYCGC for NYPA to contract, including those listed in Schedule D.

“Cost-of-Service” means a report or a model that denotes the projected costs, revenues and pricing of providing services associated with the electric commodity supply.

“D9 Allocator” means, for any year and for each NYCGC, an individual NYCGC’s peak at the time of the NYISO’s annual peak divided by the sum of all NYCGCs’ peaks at the time of NYISO’s peak.

“Dedicated Asset” shall mean NYPA’s 500 MW Plant.
“Dedicated Asset Fixed Cost” means all costs that are associated with operation of the Dedicated Asset that are not Dedicated Asset Variable Costs, and includes all fixed costs, as specifically set forth in Schedule A.

“Dedicated Asset Variable Costs” means all costs that are not Dedicated Asset Fixed Cost associated with operation of the Dedicated Asset.

“Direct Purchases” are the cost elements which are categorized as materials purchases such as tools and equipment, computer hardware and software, telecommunications equipment, office equipment, furniture, fuels, and gases. Direct Purchases could include costs directly assigned to the NYCGC base, the 500 MW Plant and a share of headquarter Direct Purchases.

“E1 Allocator” means for each MTA sub-agency, an individual MTA sub-agency’s total energy use divided by aggregate MTA energy use.

“Energy Charge Adjustment” or “ECA” means a monthly reconciliation mechanism that adjusts costs charged through base energy rates to actual costs incurred by NYPAs, and subject to reconciliation.

“Effective Date” has the meaning set forth in the Preamble of this Agreement.

“Fees & Dues” are those cost elements that cover environmental fees, FERC fees, power industry and business organization fees, R&D industry dues, and others. Fees & Dues may include costs directly assigned to the NYCGC base, the 500 MW Plant and a share of headquarter Fees & Dues.

“Financial Obligations” means all payments, costs and expenses arising under contracts entered into by NYPAs at MTA’s direction, for which payment the MTA is responsible for.

“Fixed Costs” are LSE Administrative Fixed Cost and Dedicated Asset Fixed Cost.

“Grandfathered Transmission Congestion Contracts” has the meaning set forth in the NYISO Open Access Transmission Tariff Schedule “K.”

“Hedging Costs” means all the costs associated with the settlement of a hedging instrument that MTA elects under Section 5.8 and includes the monthly settlements as well as any premiums associated with the purchase of an options contract. NYPAs reserves the right to pass-through any documented credit costs associated with the establishment and support of collateral and margin plus any broker fees and commissions.

“Hedging Strategies” is defined in Section 5.8.

“Historic Fixed Price Transmission Congestion Contracts” has the meaning set forth in NYISO Open Access Transmission Tariff Schedule “M.”

“HQ Shared Services” are NYCGC’s allocated share of direct charges to headquarter related projects as well as expenses that remain in headquarters after not being directly charged out to NYPAs’s asset base.
"Load Serving Entity" or "LSE" means any entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the New York Control Area ("NYCA"), including an entity that takes service directly from the NYISO to supply its own load in the NYCA.

"LSE Administrative Fixed Cost" or "NYPA's LSE Cost" means NYPA's fixed costs associated with NYPA performing its LSE function to NYCGCs including merchant function and reporting.

"LSE Variable Cost" means pass through costs incurred by NYPA in purchasing energy, capacity, hedging costs and NYISO related ancillary services for the MTA.

"NYC Governmental Customers" or "NYCGC" are listed in Schedule G of this Agreement.

"NYPA" has the meaning set forth in the Preamble of this Agreement.

"NYPA's Board of Trustees" has the meaning as defined in the New York State Public Authorities Law.

"NYPA Tariff" means NYPA's Service Tariffs for the provision of electricity service to the NYC Governmental Customers, as in effect on the Effective Date of this Agreement or as thereafter revised.

"New York Independent System Operator" or "NYISO" means the entity that monitors the reliability of the state's power system, and which coordinates the daily operations to distribute electricity supply that flows through New York State.

"Office and Station Expense" are the cost elements that cover travel expenses, electricity, sewer and water costs, phone services, training seminars, and postage fees. It includes costs directly assigned to the NYCGC base, the 500 MW Plant and a share of headquarter Office and Station Expense.

"One-Year U. S. Treasury Bill Interest Rate" means the rates published by the U.S. Department of the Treasury, as obtained by the Federal Reserve Bank of New York at approximately 3:30 PM each business day.

"Prudent Utility Practices" means any of the practices, methods, techniques, standards, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods techniques, standards, or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with applicable laws and good business practices, reliability, safety and expedition. Prudent Utility Practices are not intended to be limited to only the optimum practice, method or act to the exclusion of all others, but rather are intended to include practices, methods or acts generally accepted, in the region, having due regard for, among other things, contractual obligations, costs, operating rules or procedures of transmission operators, reliability councils or other market conditions.
“Renewable Energy Credits” has the meaning as defined by the New York State Public Service Commission.

“Retail Supplier” means a third-party seller of capacity, energy and/or ancillary services, which serves as the LSE for supply of such products to the MTA.


“Supplemental Dedicated Assets” means any available NYPA generation facility that is authorized to provide capacity and/or energy to the New York City Governmental Customers within the Metropolitan area of the State of New York, such as, but not exclusive to the Ashokan, Crescent, Jarvis, Vischer Ferry hydroelectric facilities.

“Third-Party Services” has the meaning set forth in Schedule D of this Agreement.

“Transitional Costs” has the meaning set forth in Schedule C of this Agreement.

“Unforced Capacity” or “UCAP” means the measure by which Installed Capacity Suppliers will be rated, in accordance with formulae set forth in the NYISO Procedures, to quantify the extent of their contribution to satisfy the NYCA Installed Capacity Requirement, and which will be used to measure the portion of that NYCA Installed Capacity Requirement for which each LSE is responsible.

“Variable Costs” are “LSE Variable Cost” and “Dedicated Asset Variable Cost”.

“Wholesale Supplier” means a third-party seller of capacity, energy or ancillary services which such seller procures on a wholesale basis and resells to MTA via NYPA’s load bus.

“Zero Emission Credits” has the meaning as defined by the New York State Public Service Commission.
EXHIBIT B

APPLICATION FOR ELECTRIC SERVICE
APPLICATION FOR ELECTRIC SERVICE

METROPOLITAN TRANSPORTATION AUTHORITY (hereinafter called "Customer") hereby applies to POWER AUTHORITY OF THE STATE OF NEW YORK (hereinafter called "Authority") for firm power service under the Authority's applicable Service Tariff.

Customer understands:

(1) If this application is accepted by Authority, firm power and energy will be supplied to Customer to the extent that Authority determines that it has capacity available to provide such power and energy. Firm power and energy expected to be available for sale soon pursuant to the applicable tariff will become available in part when the Authority's Indian Point No. 3 generating plant reaches commercial operation and additional firm power and energy will become available when the Authority's Astoria No. 6 plant is also in commercial operation. Customers who receive power and energy pursuant to such tariff shall not be entitled to receive such power and energy from any particular plants. The Authority shall have the right to furnish the power and energy from any source available to it.

(2) Priority in the acceptance of application for the service requested in this application shall be given to the Metropolitan Transportation Authority, its subsidiary corporations, the New York City Transit Authority,
the Port Authority of New York and New Jersey, the City of New York, the State of New York, the United States, other public corporations within the metropolitan area of the City of New York within the State of New York and then to other exempt persons as defined in 26 U.S.C. 103 (c) (3), located in New York City and Westchester County to the extent feasible in accordance with Section 1005 of the Power Authority Act.

Priority with respect to the firm power and energy not sold to the entities listed above shall be afforded to electric companies serving New York City and Westchester County also in accordance with Section 1005 of the Power Authority Act.

(3) Delivery of power and energy to Customer will be made over the facilities of the utility company in whose franchise territory Customers' facilities are located pursuant to contractual arrangements entered into by such company and the Authority.

Customer further understands and agrees that this application and the furnishing of electric service hereunder are subject in all respects to the provisions of Authority's Rules and Regulations for Power Service and to the applicable Service Tariff, both as they may be later amended from time to time.

Upon acceptance by Authority and approval of the Governor pursuant to Section 1009 of the Power Authority
Act this application together with the applicable Service Tariff shall constitute a contract between the parties for electric service hereunder.

**METROPOLITAN TRANSPORTATION**

Customer **AUTHORITY**

**By**

**Title** Secretary

**Date** September 22, 1976

(A attest)

b) Richard H. Demond

Assistant Secretary

Accepted:

Power Authority of the State of New York

**By**

Chairman

**Date** September 22, 1976

(A attest)

By Secretary
ACKNOWLEDGEMENTS

State of New York) ss.:  
County of ___________)

On this 16th day of November 1976, before me personally came James A. FitzPatrick and John C. Bruel, to me known, who each being by me duly sworn, did severally depose and say that they reside in Plattsburgh and New York City respectively, and that they are, respectively, Chairman and Secretary of Power Authority of The State of New York, a Corporation described in and which executed the above instrument; that they know the seal of Power Authority of the State of New York aforesaid; that one of the seals affixed to said instrument is such seal; that it was so affixed by order of the Trustees of Power Authority of the State of New York, and that they signed their names thereto by like order.

Notary Public in the State of New York
Residing in the County of ___________
My Commission expires 1/31/79

(Notarial Seal)

State of New York) ss.:  
County of New York)

On this 22nd day of September 1976, before me personally came Robert F. Prince, to me known, who being duly sworn, did depose and say that he resides in Irvington, New York, and that he is Secretary of the Metropolitan Transportation Authority, the public benefit corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that one of the seals affixed to said instrument is such corporate seal; that it was so affixed by the order of the Board of said Corporation and that he signed his name thereto by like order.

Notary Public in the State of New York
Residing in the County of New York
My Commission expires ___________

(Notarial Seal)
Applicable:

To sale of firm power and energy to customers who receive delivery and service through the utility company in whose franchise area customers' facilities are located.

Character of Service:

Alternating current; 60 hertz; 3 phase

Rates:

Rates for firm power and energy shall initially consist of:

(1) General Use - Small
   Energy Charge 3.16 cents per kilowatt hour

(2) General Use - Large
   Demand Charge $6.24 per month per kilowatt of billing demand
   Energy Charge 1.23 cents per kilowatt hour

(3) Electric Traction and Breakdown Service
   Demand Charge $5.06 per month per kilowatt of billing demand
   Energy Charge 1.17 cents per kilowatt hour

(4) New York City Transit Authority
   Substation Delivery
   Demand Charge $5.10 per month per kilowatt of billing demand
   Energy Charge 1.14 cents per kilowatt hour
   Plant Delivery
   Demand Charge $5.07 per month per kilowatt of billing demand
   Energy Charge 1.12 cents per kilowatt hour
Energy Charge Adjustment - The charges set forth herein shall be subject to a monthly adjustment per kilowatt hour provided hereunder when changes from the base cost of energy occur as described in Special Provision F.

(5) A delivery-service charge set forth in Appendices C, E, H, K and L of this Service Tariff and payable to Authority by Customer as reimbursement to the utility company providing delivery-service for the use of its facilities and for services rendered in conjunction with the delivery of power and energy to Customer.
Power Factor:

Authority may require Customer normally to maintain power factor not less than 90%, lagging or leading, at the point of delivery.

Continuance and Termination of Service:

Initiation of service will be upon accepted application of Customer, under the procedure specified in the Rules and Regulations for Power Service.

Once initiated, service will continue until terminated by Authority pursuant to required notice as provided in the Rules and Regulations for Power Service. Customer may reduce or terminate service at any time after one year's service on written notice to Authority not less than 120 days in advance, or sooner if mutually agreeable. Until actually terminated, the Minimum Charge provision of this tariff shall apply.

Special Provisions:

Special provisions for service supplementing or modifying the Rules and Regulations for Power Service are as follows:

A. Installments - Initial service may be in installments as Customer may require the power and energy or as Authority can make it available.

B. Notice of Adjustments in Charges

Whenever Authority has determined that the rates for power and energy sold hereunder, exclusive of Delivery-Service charges and Energy Charge Adjustment, should be revised, pursuant to the
Rules and Regulations for Power Service, it will notify Customer in writing of the revised charges not less than thirty (30) days in advance of the effective date thereof.

Authority shall notify Customer not less than thirty (30) days in advance of the effective date of adjustments in the delivery-service charge. Changes in energy charge adjustment will be indicated on the monthly bill without prior notice.

C. Apportionment of Charges When Customer is Delivered Power and Energy Provided by Authority and Power and Energy Provided by Utility Company

If the total firm power and energy delivered to the Customer is provided partly by the Authority and partly by the utility furnishing delivery-service the total charges to the Customer will be partly at the Authority's rates and partly at the utility's rates.

D. Change in Customer Requirement

Additional Power and Energy - Customer agrees to advise Authority on the first day of July of each year of its estimated overall power and energy requirements for the next succeeding five-year period.

If at any time during the term Customer shall determine that it will require firm power and energy in excess of its firm capacity allotment, Customer shall give Authority written notice of the amounts which and the date on which it desires such additional power and energy and shall include in such notification facts supporting such additional requirements. Within ninety (90) days after receipt of such notice, Authority shall
notify Customer of the amounts in which and the dates on which it determines, in its sole discretion, that it can make such additional power and energy available to Customer.

New, Enlarged or Altered Service - Customer shall give Authority and the utility providing delivery-service reasonable advance notice of the location of any requirement for a material increase in load such that adequate facilities may be provided. If the Authority determines it can serve the additional power and energy requested or the altered service, the Customer will deal with the appropriate representative of the utility with respect to the arrangements for a new delivery point or an enlarged or altered service at an existing delivery point. Any new, enlarged or altered delivery service required by Customer will be provided by the utility. When such delivery service requires facilities for which the utility would make a special charge to its own customers or would require the Customer to make the installation, Customer will compensate Authority, who will then reimburse the utility in an amount not to exceed the compensation which would be payable by a customer of the utility in comparable circumstances. Customer shall have the option of installing needed facilities at its own expense provided they meet the utility’s specifications.

E. Transfer of Service - In the event that Customer desires to discontinue Authority electric service or Authority should find it necessary to discontinue electric service to Customer, transfer of such service from Authority to the utility in whose franchise area customer is located shall be effected, provided such customer
meets the utility's prerequisites for service, as set forth in the utility's filed Schedule for Electricity Service.

F. Energy Charge Adjustment

The charge for electric service hereunder will be subject each month to an addition or a deduction when the "average cost of energy" for the previous two months as stated herein increases or decreases from the specified base cost.

The base cost of energy expressed in cents per kilowatt hour billed is 1.177 cents. Such base cost may be amended from time to time.

The "average cost of energy" shall be equal to the sum of (i) the fuel and fuel related charges incurred by the Authority from its thermal generating units normally furnishing energy under this tariff and the value of energy as determined by Authority from other Authority Projects in generation of firm power and energy for its Customers supplied under this tariff and (ii) the amount paid by the Authority for power and energy purchased from other suppliers, including transmission charges and additional capacity charges, if any, associated with such deliveries, less credits from sales of reserve energy; all divided by the total kilowatthours of energy billed to such Customers.

The difference between the "average cost of energy" and the base cost of energy shall be added to or subtracted from the charges per kilowatthour for energy specified in this Service Tariff.

G. Additional Regulations - The supply of service hereunder to Customer is subject to the provisions of the Schedule
Minimum Charge:

Customer shall be responsible for a minimum bill equal to:

(1) Where usage is measured by both demand and energy meters or where usage is unmetered, 75% of the product of the demand charge and the maximum monthly billing demand for the previous twelve months.

(2) Where usage is measured by energy meters alone, the charge for 10 kilowatt-hours of usage.

Such minimum bill shall be exclusive of minimum charges applicable to delivery service.

Billing Demand:

Except as otherwise agreed upon, for metered service the billing demand shall be the maximum 30-minute integrated demand established during the billing period and for unmetered service the billing demand shall be determined by Authority.

Billing Period:

Customer meters are generally scheduled to be read and bills rendered on a monthly basis (approximately thirty (30) days).

Payment:

Bills computed under this Service Tariff are due and payable at the office of the Authority within ten (10) days of the date of bill, subject to late payment in accordance with provision 454.6 (b) of the Rules and Regulations for Power Service. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in its entirety within the prescribed period and any necessary adjustments will be made thereafter.
for Electricity Service of the utility providing delivery-service as filed with the Public Service Commission and as may be amended and supplemented from time to time, provided that in the event of any inconsistency, conflict or difference between the provisions of this Service Tariff or the Authority's Rules and Regulations for Power Service, and those contained in such Schedule for Electricity Service, the provisions of this Service Tariff and the Authority's Rules and Regulations shall govern.

H. Redistribution of Electric Service - Customer may resell, remeter (or submeter), or redistribute electric service to his tenants or occupants, in the premises supplied by Authority, only if and to the extent that such is authorized by the Authority and not violative of any statutes, laws, rules or regulations of any body having jurisdiction in the premises.

Customer may resell: (a) to its affiliates, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, Triborough Bridge & Tunnel Authority; (b) to its subsidiary corp., Long Island Railroad, and Staten Island Rapid Transit Operating Authority; (c) to Consolidated Rail Corporation for use on the following lines of railroad and their stations, terminals, yards, shops and other ancillary facilities: the Harlem Line from Grand Central Terminal to Dover Plains, the Hudson Line from Mott Haven junction to Poughkeepsie, and the New Haven Line from Woodlawn to the state boundary line.

I. Supplementary Provision - Section 454.6 (d) of Authority's Rules and Regulations for Power Service shall not be applicable to service hereunder.
J. Adjustment Factor - The Demand Charge, Energy Charge and the Fuel Adjustment shall be multiplied by a factor equal to the efficiency factor ratio of Customer, which represents the ratio of the power and energy delivered to the system of the utility providing delivery-service and the power and energy received by Customer.

K. Notices - Customer shall notify Authority and the utility in writing in advance when service is to be discontinued at existing premises. Customer shall provide the name and address, if known, of the successor in occupancy of such premises or portion thereof. If Customer desires service from Authority at another location Customer shall file an amended application pursuant to Authority's requirements.

L. Payment of Estimated Bill - Approximately 10 days prior to initial service Authority will render to Customer an estimated bill for service during the first monthly billing period. This bill will be due and payable within 10 days in accordance with the payment provision of this Service Tariff. Authority will render a similar estimated bill approximately 10 days prior to the start of the second monthly billing period which will be similarly due and payable within 10 days. Thereafter Authority will render to Customer a final bill approximately 20 days after the conclusion of each billing period. Authority will also render to Customer at the same time an estimated bill for the next following billing period which will be due and payable within 10 days. Any overpayment by Customer for a previous estimated bill as determined by the final bill for such billing period will be treated as a credit towards the new estimated bill. Any underpayment will be added to the new estimated
bill and any such underpayment will be due and payable within 10 days of submission in accordance with the payment provision of this Service Tariff.

M. Twenty-five Hertz Service - In addition to providing 60 hertz service the Authority also intends to provide 25 hertz service at such time as agreed upon by the parties, after suitable arrangements have been made with the utility in whose franchise area Customer is located. Customer will be billed by Authority for such 25 hertz service under the appropriate rates (3) and (4), Plant Delivery, of this Service Tariff No. 14 for 60 hertz service. To the extent that it is determined by the Authority that the revenues received from Customer for 25 hertz service under rates (3) and (4) are greater or less than the costs to Authority for providing such service, the Authority's monthly bill to Customer will be adjusted as required to correct such excess or deficiency.
APPENDIX C
DELIVERY SERVICE CHARGE

Applicable:

To use of service for light, heat and power for general uses where the Customer's requirements do not exceed 10 kilowatts.

Rate:

Charge based on energy (per month)
For the first 10 kwhr (or less) ..... $4.61
For the next 890 kwhr ..... 3.91 cents per kwhr
For excess over 900 kwhr ..... 3.25 cents per kwhr

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No.1 unit.

Minimum Charge

$4.61 per month, exclusive of adjustment to delivery-service charge.
General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements, or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing therein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX E

DELIVERY-SERVICE CHARGE

Applicable:

To use of service for light, heat and power for electric traction purposes and miscellaneous uses in connection with the operation of a railroad or rapid transit system, where the customer's requirements are in excess of 10 kilowatts.

Rate:

Charge based on demand (per month)

<table>
<thead>
<tr>
<th>Service</th>
<th>For the first 100 kw of maximum demand</th>
<th>$8.11 per kw</th>
<th>$8.11 per kw</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For the next 100 kw of maximum demand</td>
<td>$7.07 per kw</td>
<td>$6.74 per kw</td>
</tr>
<tr>
<td></td>
<td>For excess over 200 kw of maximum demand</td>
<td>$4.71 per kw</td>
<td>$4.35 per kw</td>
</tr>
</tbody>
</table>

Charge based on energy (per month) — for both low and high tension service

<table>
<thead>
<tr>
<th></th>
<th>For the first 3,000 kwhr</th>
<th>1.26 cents per kwhr</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For the next 147,000 kwhr</td>
<td>.53 cents per kwhr</td>
</tr>
<tr>
<td></td>
<td>For the next 7,350,000 kwhr</td>
<td>.21 cents per kwhr</td>
</tr>
<tr>
<td></td>
<td>For excess over 7,500,000 kwhr</td>
<td>— cents per kwhr</td>
</tr>
</tbody>
</table>

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.
3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.

Minimum Charge:

The charge for 5 kilowatts of demand exclusive of charge based on energy and adjustment to delivery-service charge.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX H
DELIVERY-SERVICE CHARGE

Applicable:
To use of service for light, heat and power for general uses where Customer's requirements are in excess of 10 kilowatts.

Rate:

<table>
<thead>
<tr>
<th></th>
<th>Low Tension Service</th>
<th>High Tension Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the first 1,300kw of billing demand</td>
<td>$7.30 per kw</td>
<td>$6.97 per kw</td>
</tr>
<tr>
<td>For excess over 1,300kw of billing demand</td>
<td>$6.68 per kw</td>
<td>$6.35 per kw</td>
</tr>
</tbody>
</table>

Charge based on Energy (per month) - for both low and high tension service

<table>
<thead>
<tr>
<th></th>
<th>cents per kwhr</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the first 1,500,000kwhr</td>
<td>.13 cent</td>
</tr>
<tr>
<td>For excess over 1,500,000kwhr</td>
<td></td>
</tr>
</tbody>
</table>

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26627.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.
Minimum Charge:

The charge for 5 kilowatts of demand, exclusive of charge based on energy and adjustment to delivery-service charge.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX K

DELIVERY-SERVICE CHARGE

Applicable:

To use of service for light, heat and power for electric traction purposes of the New York City Transit Authority in connection with the operation of a rapid transit system for Plant and Substation delivery within the Boroughs of Manhattan, The Bronx, Brooklyn and Queens (except that portion included within the Fifth Ward) of the City of New York.

Rates:

<table>
<thead>
<tr>
<th>Substation Delivery</th>
<th>Low Tension Service</th>
<th>High Tension Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge based on Demand (per month)</td>
<td>$6.36 per kw</td>
<td>$6.36 per kw</td>
</tr>
<tr>
<td>For the first 100 kw of billing demand</td>
<td>$5.34 per kw</td>
<td>$5.01 per kw</td>
</tr>
<tr>
<td>For the next 89,800 kw of billing demand</td>
<td>$3.01 per kw</td>
<td>$2.65 per kw</td>
</tr>
<tr>
<td>For excess over 90,000 kw of billing demand</td>
<td>$1.23 per kw</td>
<td>$1.23 per kw</td>
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</tbody>
</table>

Charge based on Energy (per month) for both low and high tension service:

| For the first | 3,000 kwhr | 1.76 cents per kwhr |
| For the next | 147,000 kwhr | 1.03 cents per kwhr |
| For the next | 7,350,000 kwhr | .72 cents per kwhr |
| For the next | 22,500,000 kwhr | .49 cents per kwhr |
| For excess over 30,000,000 kwhr | --- cents per kwhr |

Plant Delivery:

| Charge based on Demand (per month) | $2.3027 per kw |
| For the first 90,000 kw of billing demand | --- per kw |
| For excess over 90,000 kw of billing demand | --- per kw |

Charge based on Energy (per month):

| For the first | 30,000,000 kwhr | --- cents per kwhr |
| For excess over 30,000,000 kwhr | --- cents per kwhr |

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.
2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.

3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX L

DELIVERY-SERVICE CHARGE

Applicable:

To use of service for light, heat and power for breakdown, reserve and auxiliary purposes.

Rate:

Charge based on demand (per year)

$90.60 for each kw of contracted demand payable at the rate of $7.55 per month per kw of such contracted demand.

Charge based on energy (per month)

For the first 9,000 kwhr..... 2.83cents per kwhr
For the next 21,000 kwhr..... 2.27cents per kwhr
For the next 120,000 kwhr..... 1.98cents per kwhr
For excess over 150,000 kwhr..... 1.70cents per kwhr

Minimum Charge:

$90.60 per year per kw of contracted demand payable at the rate of $7.55 per month per kw of such demand, exclusive of charge based on energy and adjustment to delivery-service charge.

Adjustment to Delivery Charge:

1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.
3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements, or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing therein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
APPENDIX L
DELIVERY-SERVICE CHARGE

Applicable:
To use of service for light, heat and power for breakdown, reserve and auxiliary purposes.

Rate:
Charge based on demand (per year)
$90.60 for each kw of contracted demand payable at the rate of $7.55 per month per kw of such contracted demand.

Charge based on energy (per month)
For the first 9,000 kwhr..... 2.83cents per kwhr
For the next 21,000 kwhr..... 2.27cents per kwhr
For the next 120,000 kwhr..... 1.98cents per kwhr
For excess over 150,000 kwhr..... 1.70cents per kwhr

Minimum Charge:
$90.60 per year per kw of contracted demand payable at the rate of $7.55 per month per kw of such demand, exclusive of charge based on energy and adjustment to delivery-service charge.

Adjustment to Delivery Charge:
1) The delivery-service charge shall be increased by the applicable percentage rate of the taxes imposed by the municipality where service is supplied on the revenues of the utility providing such delivery service.

2) For a period of three years commencing April 8, 1976, there shall be a rate adjustment per kilowatthour attributable to the deferral and amortization of unrecovered fuel costs resulting from an increase in the base cost of fuel as authorized by the Public Service Commission in Consolidated Edison rate case 26827.
3) To the extent allowed by the Public Service Commission, there shall be a rate adjustment per kilowatthour for unrecovered fuel costs attributable to the Indian Point No. 1 unit.

General Provision:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements, or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing therein shall be occasion for the enlargement of wheeling charges for delivery-service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.
Mr. John W. Boston
Director of Power Operations
Power Authority of the State of New York
10 Columbus Circle
New York, New York 10019

Re: Electric Power Contract, Metropolitan Transportation Authority and its Affiliates

Dear Mr. Boston:

The form and substance of this electric power contract, delivered herewith, are acceptable with the qualifications below.

As we have explained, the MTA and its affiliates simply do not have the money to meet the advance payment requirement contained in Special Provision "L" of the Service Tariff ("Payment of Estimated Bill"), nor do we have any practical means of raising that money. We propose, therefore, to pay in advance only to the extent we can do so from savings on SPA power as compared to the costs now budgeted for private power, in accordance with the attached schedule. This would bring us into conformity with Special Provision L about nine months from inception of SPA service, assuming service at 50% of our requirements for the first three months and 100% thereafter.

Subject to the above, you have our assurance that all bills will be paid promptly when due.
The contract has the approval of the Board of the MTA. As respects those MTA affiliates that are "covered organizations" under the Financial Emergency Act, the approval of subcontracts by the Emergency Financial Control Board will also be required.

Very truly yours,

METROPOLITAN TRANSPORTATION AUTHORITY

By

Secretary

Enclosure
**PASNY re MTA POWER**

**Basis:** $122 M - Present annual cost 12+$10.2M/No. 12=$5.10M (50%)
90 M - Proposed annual cost 12=7.5M/No. 12=$3.75M (50%)

**Start September 1, 1976**

(Millions)

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<th>Proposed by MTA</th>
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<td>July 15, 1976</td>
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SCHEDULE A

FIXED COST SCHEDULE

Fixed costs shall include all costs that are not Variable Costs, as set forth below:

1. LSE Administrative Fixed Costs
   a. Operations & Maintenance
      O&M costs directly assigned or charged to NYCGCs, included but not limited to Payroll & Benefits, Employee Travel & Meals, Direct Purchases, Fees & Dues, Office & Station Expense, Contracted Services
   b. Shared Services
      NYCGC’s share of NYPA Headquarter Shared Services costs, including all Headquarter expenses, Research & Development, and Allocation to Capital
   c. Investment and Other Income
   d. Capital Cost
      i. Overhead Debt
      ii. Other Capital Cost

2. Dedicated Asset Fixed Costs
   a. Operations & Maintenance
      i. 500 MW Plant
   b. Shared Services
      500 MW Plant’s share of NYPA Headquarter Shared Services costs, including all Headquarter expenses, Research & Development, and Allocation to Capital
   c. Capital Cost
      i. 500 MW Plant
      ii. Overhead Debt
      iii. Other Capital Cost
   d. Other Expenses
      i. Asset Retirement – 500 MW Plant
   e. Investment and Other Income
SCHEDULE B

FIXED COSTS ALLOCATION
EXAMPLE VALUES - FOR ILLUSTRATIVE PURPOSES ONLY
## SCHEDULE B
### FIXED COSTS ALLOCATION

**Scenario 1:** Initial Allocation of 500 MW Plant and Fixed Charges. All Groups are taking their full Allocated Shares of the 500MW Plant.

<table>
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<tr>
<th>Line</th>
<th>Description</th>
<th>2015-2016 Av. D9 kW</th>
<th>2015-2016 Av. Allocation %</th>
<th>Reallocated %</th>
<th>500 MW Allocation (kW)</th>
<th>Annual Fixed Costs Allocated Share</th>
<th>Monthly Fixed Costs Allocated Share</th>
<th>500 MW</th>
<th>NYPAs LSE</th>
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<tbody>
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<td>1</td>
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<td>5.9%</td>
<td>29,476</td>
<td>$6,189,860</td>
<td>$515,830</td>
<td>5,178,344</td>
<td>471,616</td>
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<tr>
<td>2</td>
<td>Group 2</td>
<td>438,187</td>
<td>25.0%</td>
<td>25.0%</td>
<td>124,971</td>
<td>26,243,910</td>
<td>2,189,993</td>
<td>24,244,374</td>
<td>1,956,536</td>
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<tr>
<td>3</td>
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<td>818,832</td>
<td>45.7%</td>
<td>46.7%</td>
<td>233,531</td>
<td>49,041,510</td>
<td>4,085,793</td>
<td>45,305,014</td>
<td>3,736,496</td>
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<tr>
<td>4</td>
<td>Group 4</td>
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<td>4.7%</td>
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<td>4,804,340</td>
<td>409,605</td>
<td>4,630,876</td>
<td>373,664</td>
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<tr>
<td>5</td>
<td>Group 5</td>
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<td>13.6%</td>
<td>13.6%</td>
<td>67,898</td>
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<td>3.0%</td>
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<td>2,949,382</td>
<td>243,248</td>
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<tr>
<td>7</td>
<td>Group 7</td>
<td>19,527</td>
<td>1.1%</td>
<td>1.1%</td>
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<td>1,169,490</td>
<td>97,458</td>
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**Scenario 2:** Group 3 decreases their share of the 500MW Plant by 10%. The decreased share is not reallocated to other Groups.

<table>
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<tr>
<th>Line</th>
<th>Description</th>
<th>2015-2016 Av. D9 kW</th>
<th>2015-2016 Av. Allocation %</th>
<th>Reallocated %</th>
<th>500 MW Allocation (kW)</th>
<th>Annual Fixed Costs Allocated Share</th>
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<td>25.0%</td>
<td>124,971</td>
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<td>24,244,374</td>
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<td>46.7%</td>
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<td>4.7%</td>
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<td>13.6%</td>
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<td>14,258,160</td>
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<td>13,171,824</td>
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<td>14</td>
<td>Group 6</td>
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<td>3.0%</td>
<td>15,203</td>
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<td>1.1%</td>
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**Scenario 3:** Group 3 decreases their share of the 500MW Plant by 10%. The decreased share is reallocated to Group 2.

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<th>Line</th>
<th>Description</th>
<th>2015-2016 Av. D9 kW</th>
<th>2015-2016 Av. Allocation %</th>
<th>Reallocated %</th>
<th>500 MW Allocation (kW)</th>
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<th>NYPAs LSE</th>
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<td>5.9%</td>
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<td>19</td>
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<td>25.0%</td>
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<td>26,243,910</td>
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<td>46.7%</td>
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<td>49,041,510</td>
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<td>1.1%</td>
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### Scenario 4: Group 3 decreases their share of the 500MW Plant by 10%. The decreased share is reallocated to all other Groups.

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<th>Relinquished Share Allocation %</th>
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<th>Annual Fixed Costs Allocated Share</th>
<th>Monthly Fixed Costs Allocated Share</th>
<th>500 MW Fixed Costs Allocated Share</th>
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<td>42.0%</td>
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<td>1,066,336</td>
</tr>
<tr>
<td>33</td>
<td>Group 7</td>
<td>19,527</td>
<td>1.1%</td>
<td>1.2%</td>
<td>6,057</td>
<td>1,264,174</td>
<td>105,348</td>
<td>1,175,070</td>
<td>89,104</td>
</tr>
<tr>
<td>34</td>
<td>NYPAs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>35</td>
<td>Grand Total</td>
<td>1,753,155</td>
<td>100.0%</td>
<td>100.0%</td>
<td>500,000</td>
<td>8,750,000</td>
<td>97,000,000</td>
<td>8,000,000</td>
<td></td>
</tr>
</tbody>
</table>

### Scenario 5: Group 3 decreases their share of the 500MW Plant by 10% prior to 2021 as per Scenario 2. The Allocated Shares reset during the 2020 process. The originally relinquished amount is capped to not exceed the new 500MW Plant allocation (kW).

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>2018-2019 Av. D9 kW</th>
<th>Allocation %</th>
<th>Relinquished Allocation %</th>
<th>500 MW Allocation (kW)</th>
<th>Annual Fixed Costs Allocated Share</th>
<th>Monthly Fixed Costs Allocated Share</th>
<th>500 MW Fixed Costs Allocated Share</th>
<th>NYPAs LSE Fixed Costs Allocated Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>Group 1</td>
<td>115,000</td>
<td>6.7%</td>
<td>32,059</td>
<td>6,690,325</td>
<td>557,527</td>
<td>6,218,709</td>
<td>471,616</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Group 2</td>
<td>450,000</td>
<td>26.3%</td>
<td>125,433</td>
<td>26,333,615</td>
<td>2,194,468</td>
<td>24,334,079</td>
<td>1,966,536</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Group 3</td>
<td>750,000</td>
<td>43.3%</td>
<td>209,056</td>
<td>44,293,294</td>
<td>3,691,108</td>
<td>40,556,798</td>
<td>3,736,496</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Group 4</td>
<td>80,000</td>
<td>4.7%</td>
<td>22,299</td>
<td>4,699,722</td>
<td>391,644</td>
<td>4,326,058</td>
<td>373,664</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Group 5</td>
<td>240,000</td>
<td>14.3%</td>
<td>66,898</td>
<td>14,084,511</td>
<td>1,172,043</td>
<td>12,978,175</td>
<td>1,086,336</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Group 6</td>
<td>60,000</td>
<td>3.5%</td>
<td>16,724</td>
<td>3,487,792</td>
<td>290,649</td>
<td>3,244,544</td>
<td>243,248</td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Group 7</td>
<td>15,000</td>
<td>0.9%</td>
<td>4,181</td>
<td>900,240</td>
<td>75,020</td>
<td>811,136</td>
<td>89,104</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>NYPAs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,353</td>
<td>4,530,501</td>
<td>377,542</td>
<td>4,530,501</td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>Grand Total</td>
<td>1,710,000</td>
<td>100.0%</td>
<td>500,000</td>
<td>105,000,000</td>
<td>8,750,000</td>
<td>97,000,000</td>
<td>8,000,000</td>
<td></td>
</tr>
</tbody>
</table>
### SCHEDULE B continued

**Scenario 6:** Group 3 decreases their share of the 500MW Plant by 10% prior to 2021 as per Scenario 2. The Allocated Shares reset during the 2020 process. The originally relinquished amount is capped at the originally relinquished amount level.

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>2018-2019 Av D9 kW</th>
<th>2018-2019 Av Allocation %</th>
<th>500 MW Allocation (kW)</th>
<th>Relinquished Allocation %</th>
<th>500 MW Allocation (kW)</th>
<th>Fixed Costs Allocated Share</th>
<th>Monthly</th>
<th>500 MW</th>
<th>NYPA's LSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>Group 1</td>
<td>115,000</td>
<td>6.5%</td>
<td>31,145</td>
<td>6.2%</td>
<td>31,145</td>
<td>$6,513,657</td>
<td>$542,805</td>
<td>$6,042,041</td>
<td>$471,618</td>
</tr>
<tr>
<td>46</td>
<td>Group 2</td>
<td>450,000</td>
<td>26.8%</td>
<td>171,870</td>
<td>24.4%</td>
<td>121,870</td>
<td>25,642,306</td>
<td>2,136,859</td>
<td>23,642,770</td>
<td>1,999,536</td>
</tr>
<tr>
<td>47</td>
<td>Group 3</td>
<td>800,000</td>
<td>45.5%</td>
<td>216,565</td>
<td>42.0%</td>
<td>210,178</td>
<td>44,511,009</td>
<td>3,709,251</td>
<td>40,774,513</td>
<td>3,736,496</td>
</tr>
<tr>
<td>48</td>
<td>Group 4</td>
<td>80,000</td>
<td>4.5%</td>
<td>21,666</td>
<td>4.3%</td>
<td>21,666</td>
<td>4,578,823</td>
<td>381,402</td>
<td>4,203,159</td>
<td>373,664</td>
</tr>
<tr>
<td>49</td>
<td>Group 5</td>
<td>240,000</td>
<td>13.5%</td>
<td>64,987</td>
<td>13.0%</td>
<td>64,987</td>
<td>13,695,813</td>
<td>1,141,318</td>
<td>12,609,477</td>
<td>1,086,336</td>
</tr>
<tr>
<td>50</td>
<td>Group 6</td>
<td>60,000</td>
<td>3.4%</td>
<td>16,249</td>
<td>3.2%</td>
<td>16,249</td>
<td>3,395,617</td>
<td>282,968</td>
<td>3,152,369</td>
<td>243,248</td>
</tr>
<tr>
<td>51</td>
<td>Group 7</td>
<td>15,000</td>
<td>0.9%</td>
<td>4,062</td>
<td>0.8%</td>
<td>4,062</td>
<td>877,196</td>
<td>73,100</td>
<td>788,092</td>
<td>89,104</td>
</tr>
<tr>
<td>52</td>
<td>NYPA</td>
<td>-</td>
<td>-</td>
<td>23,353</td>
<td>6.0%</td>
<td>23,353</td>
<td>5,787,579</td>
<td>482,298</td>
<td>5,787,579</td>
<td>-</td>
</tr>
<tr>
<td>53</td>
<td>Grand Total</td>
<td>1,760,000</td>
<td>100%</td>
<td>500,000</td>
<td>100.0%</td>
<td>500,000</td>
<td>$105,000,000</td>
<td>$8,750,000</td>
<td>$97,000,000</td>
<td>$8,000,000</td>
</tr>
</tbody>
</table>

**Scenario 7:** Group 3 decreases their share of the 500MW Plant by 10% prior to 2021 as per Scenario 4. The Allocated Shares reset during the 2020 process. The originally relinquished as well as the re-allocated amounts to other Groups are capped at the originally relinquished/reallocated amount levels.

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>2018-2019 Av D9 kW</th>
<th>2018-2019 Av Allocation %</th>
<th>500 MW Allocation (kW)</th>
<th>Relinquished Allocation %</th>
<th>500 MW Allocation (kW)</th>
<th>Fixed Costs Allocated Share</th>
<th>Monthly</th>
<th>500 MW</th>
<th>NYPA's LSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>Group 1</td>
<td>115,000</td>
<td>6.5%</td>
<td>31,145</td>
<td>6.7%</td>
<td>33,728</td>
<td>$7,014,808</td>
<td>$584,567</td>
<td>$6,543,192</td>
<td>$471,616</td>
</tr>
<tr>
<td>55</td>
<td>Group 2</td>
<td>450,000</td>
<td>25.6%</td>
<td>121,870</td>
<td>26.6%</td>
<td>132,822</td>
<td>27,767,060</td>
<td>2,313,922</td>
<td>25,767,524</td>
<td>1,999,536</td>
</tr>
<tr>
<td>56</td>
<td>Group 3</td>
<td>800,000</td>
<td>45.5%</td>
<td>216,565</td>
<td>42.0%</td>
<td>210,178</td>
<td>44,511,009</td>
<td>3,709,251</td>
<td>40,774,513</td>
<td>3,736,496</td>
</tr>
<tr>
<td>57</td>
<td>Group 4</td>
<td>80,000</td>
<td>4.5%</td>
<td>21,666</td>
<td>4.7%</td>
<td>23,712</td>
<td>4,973,887</td>
<td>414,491</td>
<td>4,600,223</td>
<td>373,664</td>
</tr>
<tr>
<td>58</td>
<td>Group 5</td>
<td>240,000</td>
<td>13.6%</td>
<td>64,997</td>
<td>14.2%</td>
<td>70,948</td>
<td>14,850,180</td>
<td>1,237,515</td>
<td>13,763,844</td>
<td>1,086,336</td>
</tr>
<tr>
<td>59</td>
<td>Group 6</td>
<td>60,000</td>
<td>3.4%</td>
<td>16,249</td>
<td>3.5%</td>
<td>17,582</td>
<td>3,654,096</td>
<td>304,508</td>
<td>3,410,850</td>
<td>243,248</td>
</tr>
<tr>
<td>60</td>
<td>Group 7</td>
<td>15,000</td>
<td>0.9%</td>
<td>4,062</td>
<td>0.9%</td>
<td>4,550</td>
<td>971,880</td>
<td>80,990</td>
<td>882,776</td>
<td>89,104</td>
</tr>
<tr>
<td>61</td>
<td>NYPA</td>
<td>-</td>
<td>-</td>
<td>23,353</td>
<td>1.3%</td>
<td>6,480</td>
<td>1,257,078</td>
<td>104,756</td>
<td>1,257,078</td>
<td>-</td>
</tr>
<tr>
<td>62</td>
<td>Grand Total</td>
<td>1,760,000</td>
<td>100%</td>
<td>500,000</td>
<td>100.0%</td>
<td>500,000</td>
<td>$105,000,000</td>
<td>$8,750,000</td>
<td>$97,000,000</td>
<td>$8,000,000</td>
</tr>
</tbody>
</table>

**Sources & Notes**

1. Reduction in Group 3 load has been assigned to NYPA, if unclaimed, for purposes of calculating revised allocation factors.
   Same allocation principles shall apply to the allocation of the 500MW Plant Variable Costs.
   Example values are for illustrative purposes only and do not represent actual allocated amounts.
SCHEDULE C

TRANSITIONAL COSTS

There are several, specific expenses which have been incurred by NYPA under the existing Cost-of-Service process which the Parties agree may be collected by NYPA on a prospective basis. For purposes herein, the specific expenses listed below are termed “Transitional Costs.” The Parties agree that, subject to NYPA providing adequate supporting documentation, NYPA shall recover these Transitional Costs outside the recovery of Fixed or Variable Costs under the Agreement. The Transitional Costs recovered from customers shall not exceed the amounts set forth below. NYPA agrees to recover MTA’s share of the Transitional Costs in equal payments over a three (3) year period under the same line-item recovery method as the Fixed Costs.

<table>
<thead>
<tr>
<th>Transitional Costs</th>
<th>2016</th>
<th>2017</th>
<th>Projected Remaining 2017</th>
<th>Projected 2018</th>
<th>Total Transitional Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Customer Load Research Study -- Consulting</td>
<td>$108,697</td>
<td>$48,650</td>
<td>$20,000</td>
<td></td>
<td>$177,347</td>
</tr>
<tr>
<td>Governmental Customer Load Research -- Metering</td>
<td>$6,901</td>
<td>$22,706</td>
<td>$70,000</td>
<td>$300,000</td>
<td>$399,607</td>
</tr>
<tr>
<td>General Rate Design Support</td>
<td>$122,344</td>
<td>$50,000</td>
<td></td>
<td></td>
<td>$172,344</td>
</tr>
<tr>
<td>Delivery Rate Consulting Services</td>
<td>$22,600</td>
<td></td>
<td></td>
<td></td>
<td>$22,600</td>
</tr>
<tr>
<td>Asset Retirement - Poleti (2018-2019)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,583,904</td>
</tr>
<tr>
<td>Asset Retirement - Kenzco (2018-2022)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$480,742</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$4,836,544</strong></td>
</tr>
</tbody>
</table>
SCHEDULE D

EXPENSES EXCLUDED FROM FIXED COSTS

Subject to MTA’s approval, the following expenses may be incurred. If they are, these expenses are excluded from the Fixed Costs, and MTA’s share of the expense may be passed through to MTA on the monthly bill, without mark-up, and as they are incurred. Such expenses will be supported by third-party invoices. Any billing adjustments related to charges/credits for production and delivery from prior years will continue.

<table>
<thead>
<tr>
<th>Type of Additional Expense not included in Fixed Costs</th>
<th>Estimated Annual Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Customer Load Research Study ---- Outside Consulting</td>
<td>$150,000 to $300,000</td>
</tr>
<tr>
<td>Government Customer Load Research Study ---- Metering (2019-2021)</td>
<td>$35,000</td>
</tr>
<tr>
<td>General Rate Design Support ---- Outside Consulting</td>
<td>$50,000 to $150,000</td>
</tr>
<tr>
<td>Delivery Rate Consulting Services ---- Outside Consulting</td>
<td>$100,000 to $200,000</td>
</tr>
</tbody>
</table>
# Schedule E

## Load Bus Names & Included Customers

<table>
<thead>
<tr>
<th>Load Bus Name</th>
<th>Customers Included on Load Bus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zone H</strong></td>
<td></td>
</tr>
<tr>
<td>SFNY-MTA_CE_MILLWOOD</td>
<td>Metropolitan Transportation Authority</td>
</tr>
<tr>
<td><strong>Zone I</strong></td>
<td></td>
</tr>
<tr>
<td>SFNY-MTA_CE_DUNWOODI</td>
<td>Metropolitan Transportation Authority</td>
</tr>
<tr>
<td><strong>Zone J</strong></td>
<td></td>
</tr>
<tr>
<td>SFNY-MTA_CE_NY-CITY</td>
<td>Metropolitan Transportation Authority</td>
</tr>
</tbody>
</table>
# SCHEDULE F

## APPLICABLE VARIABLE COSTS & REVENUES – FOR ILLUSTRATIVE PURPOSES ONLY

**Figure 1A – NYC Customer Breakout – March 2017 Actuals**

<table>
<thead>
<tr>
<th>Description</th>
<th>March ’17</th>
<th>Allocation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Cost</td>
<td>$30,060,731</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Purchase Power - Energy</td>
<td>$29,601,651</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Zone A (Niagara Bus)</td>
<td>$6,798,731</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Zone A CFD’s</td>
<td>NA</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Zone D (St. Lawrence Bus)</td>
<td>$2,153,204</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Zone D CFD</td>
<td>NA</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Zone G (Ashokan Bus)</td>
<td>$14,029,615</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Zone G CFD’s</td>
<td>NA</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Marginal Losses</td>
<td>$1,560,518</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Balancing Energy</td>
<td>$411,215</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Congestion Charges</td>
<td>$4,629,363</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Purchase Power - NYISO Expenses</td>
<td>$4,699,576</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Ancillary Service Expense Schedule I through 6</td>
<td>$1,637,941</td>
<td>Pass-through</td>
</tr>
<tr>
<td>NIGC</td>
<td>$718,022</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Transco Facilities Charge</td>
<td>$334,613</td>
<td>Pass-through</td>
</tr>
<tr>
<td>MISO Capacity</td>
<td>NA</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Purchase Power - Other</td>
<td>$0</td>
<td>Rate based</td>
</tr>
<tr>
<td>Clean Energy Standard Purchases</td>
<td>NA</td>
<td>Pass-through/0%*</td>
</tr>
<tr>
<td>Purchase Power - Capacity</td>
<td>$2,156,503</td>
<td>Pass-through/0%*</td>
</tr>
<tr>
<td>NYC, Including 500 MW offset</td>
<td>$648,484</td>
<td>Pass-through/0%*</td>
</tr>
<tr>
<td>ROS</td>
<td>$109,582</td>
<td>Pass-through/0%*</td>
</tr>
<tr>
<td>LIHV</td>
<td>$681,905</td>
<td>Pass-through</td>
</tr>
<tr>
<td>Demand Curve</td>
<td>$906,538</td>
<td>Pass-through/0%*</td>
</tr>
<tr>
<td>NYC (In-City &amp; In-City ROS)</td>
<td>$147,781</td>
<td>Cap Tag</td>
</tr>
<tr>
<td>ROS</td>
<td>$12,037</td>
<td>Cap Tag</td>
</tr>
<tr>
<td>LIHV</td>
<td>$446,715</td>
<td>Cap Tag</td>
</tr>
<tr>
<td>Transmission congestion costs (TCC)</td>
<td>($2,703,414)</td>
<td></td>
</tr>
<tr>
<td>GFTCC Cost (600 MW Upper Path)</td>
<td>$1,514,600</td>
<td>E1**</td>
</tr>
<tr>
<td>GFTCC Rents (600 MW Upper Path)</td>
<td>($4,525,065)</td>
<td>E1**</td>
</tr>
<tr>
<td>HPFTCC Cost (600 MW Lower Path)</td>
<td>NA</td>
<td>E1**</td>
</tr>
<tr>
<td>HPFTCC Rents (600 MW Lower Path)</td>
<td>NA</td>
<td>E1**</td>
</tr>
<tr>
<td>Other GFTCC - Congestion Reimbursement - Con Ed</td>
<td>$1,025,069</td>
<td>E1**</td>
</tr>
<tr>
<td>500 MW CCU</td>
<td>D*</td>
<td></td>
</tr>
<tr>
<td>Revenues &amp; Cost</td>
<td>($3,993,966)</td>
<td>D*</td>
</tr>
<tr>
<td>Energy Revenues</td>
<td>($26,995,259)</td>
<td>D*</td>
</tr>
<tr>
<td>Auxiliary Services Revenues</td>
<td>($429,716)</td>
<td>D*</td>
</tr>
<tr>
<td>Auxiliary Service Expenses</td>
<td>$47,388</td>
<td>D*</td>
</tr>
<tr>
<td>Fuel Expense</td>
<td>D*</td>
<td></td>
</tr>
<tr>
<td>Base Fuel expense</td>
<td>$5,412,719</td>
<td>D*</td>
</tr>
<tr>
<td>Fuel Hedge</td>
<td>NA</td>
<td>D*</td>
</tr>
<tr>
<td>RGGI Expense</td>
<td>$560,122</td>
<td>D*</td>
</tr>
<tr>
<td>Supplemental Bid Production Cost Guarantee</td>
<td>($445,582)</td>
<td>D*</td>
</tr>
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<td>Zone 1 CFD Settlement</td>
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*Avg. 2015-2016 D1 Allocation for 2018-2020, reset based on avg 2018-2019 D0 for 2021+

**Avg. 2014-2015 E1 Allocation for the term of the Agreement
SCHEDULE G

NYC Governmental Customers

Battery Park City Authority
Convention Center Operating Corporation
Empire State Development Corporation
Hudson River Park Trust
Metropolitan Transportation Authority
New York City Housing Authority
City of New York
New York State Office of General Services
The Port Authority of New York & New Jersey
Roosevelt Island Operating Corporation
United Nations Development Corporation
SCHEDULE H

500 MW Plant Annual Debt Service Payments¹

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¹ Source: Final NYPAC 2017 Cost of Service Study
## SCHEDULE I
### NYISO Decision Support System (DSS) Reports

### DAM & RT Energy

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