

POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET, 10th FLOOR, ALBANY, NEW YORK 12207

SERVICE TARIFF NO. 1
DIRECT FIRM POWER SERVICE

APPLICABLE:

To sale of firm power for direct use by Customers whose Applications for Service have been accepted by Authority.

Alternating current; 60 hertz; 3 phase.

RATE:

A. Applicable only to Option 5 Customers through October 31, 2007:

CAPACITY CHARGE: \$8.16 per month per kilowatt of
billing demand.

ENERGY CHARGE: 23.00 mills per kilowatt-hour.

B. Customers who have been approved for an Energy Cost Savings Benefit Award pursuant to Section 183(h) of the Economic Development Law:

B1. For the time period November 1, 2001 to January 31, 2006:

CAPACITY CHARGE: \$8.16 per month per kilowatt of
billing demand.

ENERGY CHARGE: 23.00 mills per kilowatt-hour.

B2. For the time period February 1, 2006 to July 31, 2006 see Table I.
For the time period August 1, 2006 to December 31, 2006 see
Table II.

The rates shown in this tariff and these tables are subject to increase at any time if, in the sole discretion of the Trustees, they determine that such action is necessary based on their evaluation of the Authority's financial condition. Upon such a determination, the tariff charges may be raised effective

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immediately to a level up to the full cost incurred by the Authority to serve the Customers.

C. Customers Other Than Those Described in Paragraphs A and B, above:

The Authority shall charge and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by the Authority.

D. With respect to Option 5 customers after October 31, 2007 and all other customers after December 31, 2006, the Authority shall charge, and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customers, plus associated overhead and other assigned costs as determined by the Authority.

BILLING DEMAND:

For Customers using power from other sources in conjunction with that supplied hereunder and for other Customers whose application for service as accepted by the Authority so specify:

The contract demand in effect during the billing period.

For all other Customers supplied under this tariff:

The maximum 30-minute integrated demand established during the billing period but not less than 75% of the contract demand.

POWER FACTOR:

Not less than 95%, lagging or leading, except as otherwise specified in the Customer's accepted application for service.

CONTINUANCE AND TERMINATION OF SERVICE:

Initiation of service will be upon application of Customer, accepted by Authority, under the procedure specified in the Rules and Regulations for Power Service promulgated by Authority.

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Once initiated, service will continue until terminated (i) by Authority for cause as provided in the Rules and Regulations for Power Service, or (ii) by Customer at any time after three years service on written notice given Authority not less than one year in advance.

Special Provisions:

- A. Resale. No Customer shall resell any of the power supplied by Authority under this Service Tariff.
- B. Credit for alternate sale of power. Any Customer whose billing demand is specified as equal to its Contract Demand and which expects temporarily to be unable to use a substantial proportion of its Contract Demand may request Authority to endeavor to dispose of the power it does not require to a substitute purchaser. Authority will endeavor to do so on terms acceptable to Customer, Authority and the substitute purchaser. The net proceeds to Authority from sale of such capacity exclusive of the energy associated therewith shall be credited against Customer's billing demand obligation.
- C. Transmission costs.
 - (1) In addition to demand and energy charges Customer shall pay such transmission costs for delivery as may be required in Customer's accepted Application for Service.
- D. Apportionment between contracts. Where firm power is delivered under this tariff in conjunction with other power, the amounts supplied by Authority hereunder shall be apportioned as provided in Customer's approved Application under this Service Tariff.

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E. New York Independent System Operator-Related Charges.

Notwithstanding any provision herein to the contrary, the rates for service under this Service Tariff shall be subject to increase by the Authority at any time to require the Customer to compensate the Authority for the following Charges for services provided by or which are a result of the New York Independent System Operator, Inc. ("NYISO") or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with the Authority's responsibilities as Load Serving Entity for the Customer:

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

Effective Date: March 1, 2005