

Exhibit "1j-B"
December 16, 2008



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

Electric Service Tariff for Upstate Investor-Owned Utilities
Firm Peaking Hydroelectric Power Service

Service Tariff No. 42

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Schedule of Rates for Firm Peaking Hydroelectric Power and Energy Service

I. Applicability

To sale of Niagara and St. Lawrence-FDR Hydroelectric Projects firm peaking power and energy to an Investor-Owned Utility (as defined below) in New York State for resale to “rural and domestic consumers” as that term is used in section 1005(5) of the New York Public Authorities Law.

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

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

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

C. The term “Customer” means the Investor-Owned Utility identified in the application for electric service with the Authority.

D. The term “Firm Hydroelectric Peaking Power” means capacity (kW) from Projects (defined below), intended for use primarily in Customer’s peak load periods and limited as to the Energy to be supplied as set forth in the application(s) for electric service, the Rules, this Service Tariff or in other contract documents.

E. The term “Firm Hydroelectric Peaking Energy” means energy (kWh) associated with Firm Hydroelectric Peaking Power.

F. The term “Investor-Owned Utility” means an electric utility company serving rural and domestic consumers within New York State.

G. The term “Projects” means the Authority’s Niagara and St. Lawrence-FDR Hydroelectric Projects.

- H. The term “Rules” means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.
- I. The term “Service Tariff” means this Service Tariff No. 42.

III. Monthly Rates and Charges

A. Monthly Base Rates

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

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

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

B. Contract Demand

The amounts set forth in the application for electric service between Authority and Customer.

C. Minimum Monthly Charge

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

D. Billing Period

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

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

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority, if any, for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time) which are associated with Customer's purchase of hydro power and energy under its application for electric service with the Authority:

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

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

F. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

IV. General Provisions

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

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Availability of Energy

Authority shall in its discretion provide Peaking Energy to Customer at up to 12.5 percent monthly load factor with no more than five kilowatt-hours per kilowatt of Contract Demand supplied in any single calendar day, unless otherwise agreed upon by the parties. In the event Peaking Energy is supplied at less than 12.5 percent load factor, Customer may supply to Authority's pumping power and energy in amounts which after adjustment for losses associated with use of the Authority's peaking facilities will increase the supply of firm energy hereunder to 12.5 percent monthly load factor.

In the event that Customer desires energy in excess of 12.5 percent monthly load factor, Customer may, with the consent of Authority, supply to Authority pumping power and energy in such amounts as Authority determines it can accept.

Upon request by Customer, Authority may purchase pumping power and energy on behalf of Customer and at Customer's expense.

The ratio of firm energy produced to pumping energy supplied shall be taken as 0.90, both as measured at Authority's Generation Station Switchyards.

C. Adjustment of Charges

1. Transformer Losses

If delivery is made at transmission voltage but metered on the low-voltage side of Customer's substation, the meter readings will be adjusted by an amount based on the manufacturer's actual test report for such transformer or for a transformer of similar age and type, or in the absence of such test reports, the meter readings will be increased two percent to compensate for transformer losses.

2. Power Factor

Both Authority and Customer shall supply or absorb reactive power as may be desirable, insofar as in their judgment they are able to do so without adverse effects. Authority will supply reactive power as required to assure adequate voltage at the point of delivery. Authority will not be obligated to supply reactive power at the point of receipt in Customer's system, but it may do so at extra charge, if requested.

3. Adjustment of Rates

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

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

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

E. Rules and Regulations

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

V. Flow Adjustment Computation ("FAC")

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

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

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