



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

Blenheim-Gilboa Firm Pumped-Storage
Power Service

Service Tariff No. 40

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James H. Yates, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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To be completed with final version

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Schedule of Rates for Firm Pumped-Storage Power and Energy Service

I. Applicability

To sale of Blenheim-Gilboa firm Pumped-Storage Power Service (as defined below) to customers served under this Service Tariff.

II. Abbreviations and Terms

A. The following abbreviations are used:

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

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

C. The term “Contract” means an executed application for electric service between Authority and Customer (as defined below), inclusive of all amendments, extensions or other agreements.

D. The term “Customer” means any purchaser of Project Power (defined below) under Service Tariff No. 40 pursuant to an approved Contract.

E. The term “Firm Pumped-Storage Power” means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Contract(s), the Rules or this Service Tariff.

F. The term “Firm Pumped-Storage Energy” means energy (kWh) associated with Firm Pumped-Storage Power.

G. The term “NYISO” also refers to any successor organization.

H. The term “Project” means the Authority’s Blenheim-Gilboa pumped-storage facility including four pump-generating units.

- I. The term “Project Power” means power net of station use and losses to the low side of the Project's 345 kV/16.2 kV transformers, which is produced by Project with water drawn from the Project's upper reservoir, or power supplied from other sources in lieu thereof.

- J. 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.

- K. The term “Service Tariff” means this Service Tariff No. 40.

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III. Monthly Rate, Charges and Credits

A. Monthly Demand Rate

The monthly demand rate paid by Customer to Authority shall be \$3.92 per kW of contract demand.

B. Energy Revenue Credit or Charge

Consistent with its contract, Customer will receive a pro rata share of the energy revenues (net of purchases) and NYISO ancillary service revenues (whether positive or negative), based on the ratio of a Customer’s contract demand to the capacity of the Project.

C. Minimum Monthly Charge

The product of the monthly 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. Contract Demand

The amount of kW of Project Power allocated to Customer.

F. 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);

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 the Customer 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 any Customer under this Service Tariff for facilities needed to meet deliverability requirements, maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or other third party.

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

G. 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 Customer 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 are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Adjustment of Rates

The monthly demand rate contained in this Service Tariff may be revised by Authority from time to time on not less than 30 days written notice to Customer.

C. Adjustment for Generator Outages

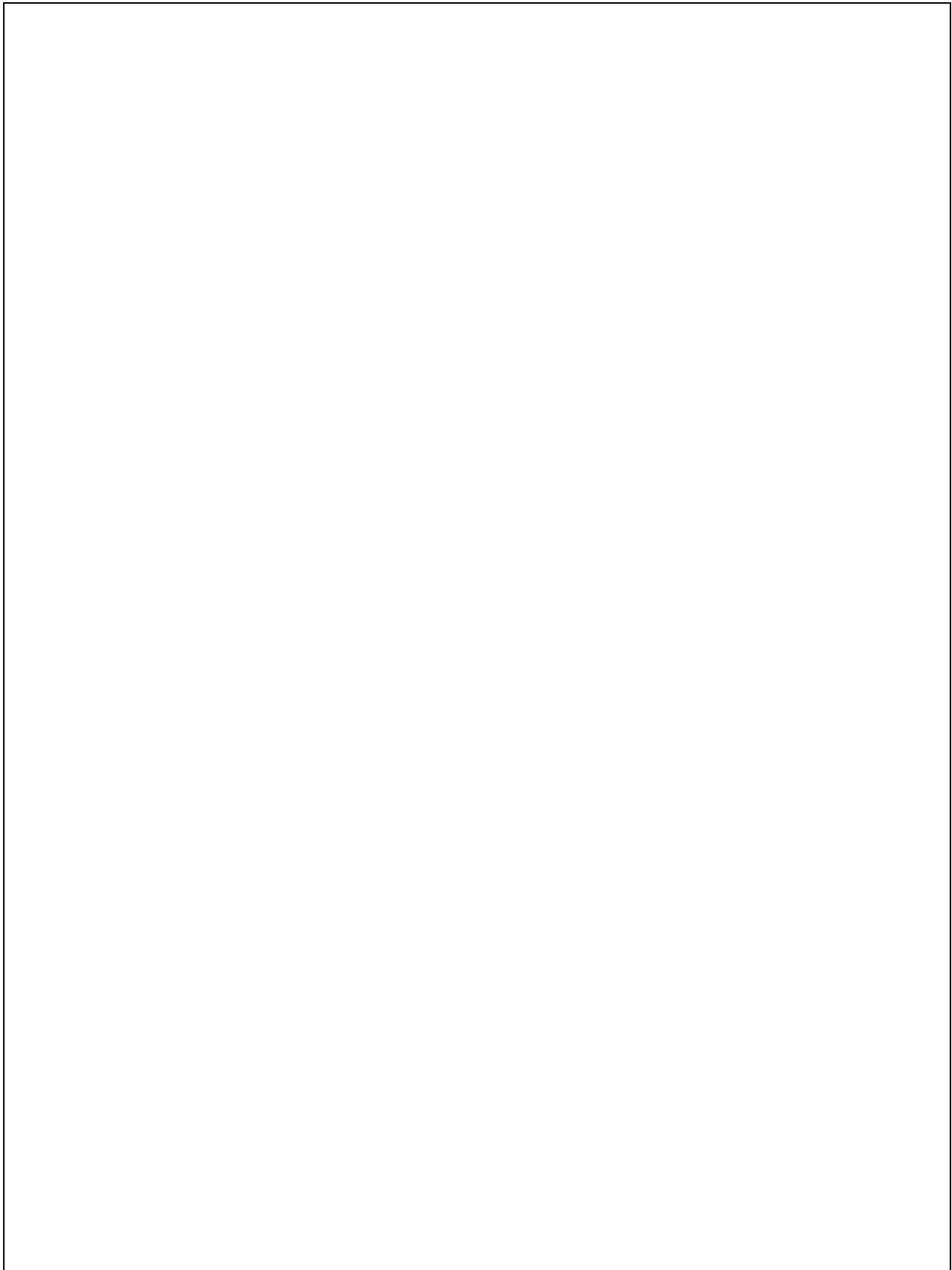
If more than one pump-generating unit is out of service in any month, Customer shall receive a credit against the demand charge for the month representing a fraction of the total demand charge determined by (i) the sum of the hours in which more than one pump-generating unit was out of service multiplied by the number of pump-generating units (greater than one) out of service to (ii) the number of hours in the month multiplied by four.

D. Payment by Customer for Firm Pumped-Storage Power Service

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. Conflicts

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.



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