



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

Schedule of Rates for Sale of Hydroelectric Power
To Long Island Power Authority for Resale
To Brookhaven National Laboratory

Service Tariff No. 2B

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 2

Table of Contents

>>> To be finalized with final approved version <<<

Schedule of Rates for Firm Power Service		Leaf No.
I.	Applicability	x
II.	Abbreviations and Terms	x
III.	Monthly Rates and Charges	
	A. Monthly Base Rates	x
	B. Minimum Monthly Charge	x
	C. Billing Period	x
	D. Billing Demand	x
	E. Billing Energy	x
	F. Payment Information	x
IV.	General Provisions	
	A. Character of Service	x
	B. Adjustment of Charges	
	1. Taxes and Other Charges	x
	2. Conflicts	x
	3. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice	x
	4. Resale Without Mark-up	x
	5. BNL Resales Prohibited	x
V.	Annual Adjustment Factor	
	A. Adjustment of Rates	x

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 3

Schedule of Rates for Firm Power Service

I. Applicability

To sales of Hydroelectric Power to Long Island Power Authority ("LIPA") for exclusive resale to Brookhaven National Laboratory ("BNL") for firm power service.

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
NY PAL	New York Public Authorities Law

B. The term "Agreement" means the Contract for the Sale of Firm Hydroelectric Power and Energy for Resale to the Brookhaven National Laboratory dated as of [date] between the New York Power Authority and the Long Island Power Authority.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

D. The term "BNL" means Brookhaven National Laboratory, a federal facility owned by the U.S. Department of Energy located in Upton, New York in the LIPA service territory.

E. The term "Contract Demand" shall have the meaning set forth in the Agreement.

F. The term "Firm Power" means capacity (kW) that is intended to be always available from the Projects subject to the curtailment provisions set forth in the Agreement between Authority and LIPA. Firm Power shall not include peaking power.

G. The term "Firm Energy" means energy (kWh) associated with Firm Power.

H. The term "Hydroelectric Power" means Firm Power and Firm Energy from the Projects (defined below) managed and sold by Authority in accordance with section 1005 (5) of the NY PAL.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 4

- I. The term "LIPA" means the Long Island Power Authority, a political subdivision of the New York State authorized under section 1020-dd of the NY PAL to distribute Hydroelectric Power to BNL.
- J. The Term "LIPA Tariff" means the tariff governing LIPA's provision of electric service to its customers, as may be modified from time to time.
- K. The term "Projects" means the Authority's Niagara and St. Lawrence-FDR Hydroelectric Projects.
- L. The term "Rate Year" means the period July 1 of any year through June 30 of the following year.
- M. The term "Rules" means Authority's rules and regulations set forth in 21 NYCRR §450 *et seq.*, as may be modified from time to time.
- N. The term "Service Tariff" means this Service Tariff No. 2B.

Date of Issue: _____, 2010

Date Effective: _____, 2010

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

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 5

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly base rates for Firm Power and Firm Energy paid by LIPA to Authority are based on the following demand and energy charges.

Rate Year	Demand Charge \$/kW-mo.	Energy Charge Mills/kWh
July 1, 2009 through June 30, 2010	5.64	9.64
July 1, 2010 through June 30, 2011	6.15	10.52
July 1, 2011 through June 30, 2012	6.71	11.48
July 1, 2012 through June 30, 2013	7.32	12.52
July 1, 2013 through June 30, 2014	7.99	13.66

Beginning with the Rate Year starting July 1, 2014, and for each Rate Year thereafter, such rates shall be subject to an Annual Adjustment Factor set forth in Section V herein. The monthly base rates set forth above exclude any applicable charges added by LIPA pursuant to the LIPA Tariff.

B. Minimum Monthly Charge

The product of the demand charge set forth above and the Contract Demand. In the event that the Agreement terminates before the last day of a Billing Period, the Minimum Monthly Charge shall be pro rated for the number of days in the Billing Period during which the Agreement was in effect.

C. Billing Period

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

D. Billing Demand

The billing demand shall be the Contract Demand.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 6

E. Billing Energy

The billing energy shall be determined by applying the billing methodology as agreed to in the Agreement.

F. Payment Information

Bills computed under Service Tariff No. 2B 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, LIPA shall pay such bill in full and adjustments, if warranted, will be made thereafter, subject to interest charges as provided in the Agreement.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 7

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Adjustment of Charges

1. Taxes and Other Charges

The charges for Firm Power and Energy under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from LIPA any taxes, assessments or any other charges imposed on Authority by federal, state and local governments or that the Authority is required to collect from its customers if and to the extent such taxes, assessments or charges are not recovered by Authority pursuant to another provision of this Service Tariff.

2. Conflicts

The Authority's Rules shall apply to the 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.

3. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice

When the monthly rates charged by Authority for the sale of Niagara and St. Lawrence-FDR hydroelectricity change, Authority shall so notify LIPA in writing thirty (30) days prior to such change.

4. Resale Without Mark-up

All resales of Hydroelectric Power by LIPA to BNL shall be made without mark-up and in accordance with the provisions of section 1005 (5) of the NY PAL, except that LIPA shall add such charges as are provided for under the LIPA Tariff.

5. BNL Resales Prohibited

LIPA resales to BNL shall be under terms that prohibit BNL from reselling any quantity of Hydroelectric Power purchased from LIPA.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 8

V. Annual Adjustment Factor

A. Adjustment of Rates

1. The Annual Adjustment Factor 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 Annual Adjustment Factor. The Annual Adjustment Factor will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year.

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 revenue per 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.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 9

2. Annual Adjustment 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 Annual Adjustment Factor.

Step 3: Multiply the current Rate Year base rate by the Annual Adjustment Factor calculated in Step 2 to determine the new Rate Year base rate.

3. Authority shall provide LIPA 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 1st 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 NYPA to reflect, NYPA will substitute a new Index by mutual agreement between NYPA and BNL.

Date of Issue: _____, 2010

Date Effective: _____, 2010