



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

Schedule of Rates for Sale of Expansion Power  
Direct Service

Service Tariff No. EP-1

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## **Schedule of Rates for Firm Power Service**

### **I. Applicability**

To sales of Expansion Power (as defined below) directly to Customer (as defined below) for firm power service.

### **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
NY PAL	New York Public Authorities Law

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 a business customer who has received an Expansion Power allocation from the Authority and who purchases Expansion Power directly from Authority.

D. The term "Project" means the Authority's Niagara Hydroelectric Project.

E. The term "Firm Power" means capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the applicable contract(s) between Authority and Customer . Firm Power shall not include peaking power.

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

G. The term "Expansion Power" means Project Firm Power and Project Firm Energy made available by Authority to Customers for business purposes pursuant to Section 1005 (13) of the NY PAL.

H. The term "Service Tariff" means this Service Tariff No. EP-1.

### **III. Monthly Rates and Charges**

#### **A. Monthly Base Rates**

The monthly base rates for capacity and energy paid by Customer to Authority shall be either: (i) the rates charged by Authority from time to time for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers or (ii) the following base rates as adjusted in accordance with Section V whichever results in a higher bill.

<b>BASE RATES</b>	
<u>Capacity Charge</u>	<u>Energy Charge</u>
\$/kW-month	Mills/kWh
3.80	6.50

The base rates set forth above shall be subject to an Annual Adjustment Factor in accordance with Section V and do not include any applicable costs for delivery services provided by the local utility. Such base rates will apply at the Project switchyard, subject to Section IV. J.1.

#### **B. Minimum Monthly Charge**

The sum of (i) the product of the Capacity Charge and the Contract Demand and (ii) a charge representing reimbursement to the Authority for all applicable taxes incurred by the Authority as a result of providing the Expansion Power allocated to the Customer.

#### **C. 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 utility in whose service area Customer's facilities at which Expansion Power is delivered are located.

#### **D. Contract Demand**

The Contract Demand of each Expansion Power Customer will be the amount of Expansion Power allocated to such Customer by the Authority which the Customer agrees to take and pay for.

## **IV. General Provisions**

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and Service Tariff No. EP-1 with regard to deliveries to the Expansion Power Customer are as follows:

### **A. Character of Service**

Alternating current, 60 hertz, three-phase.

### **B. Availability of Energy**

1. The Authority shall provide in any Billing Period firm Energy to Customer (subject to hydrologic conditions, see subsection 2, below) in an amount equal to the amount of Expansion Power energy determined in accordance with the load splitting provisions, if applicable, set forth in the Agreement for the Sale of Expansion Power and Energy between Authority and Customer. The offer of Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Energy is taken by Customer.

2. The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Customer if such reductions are necessary due to low flow (i.e., hydrologic) conditions at the Authority's Niagara and St. Lawrence-FDR hydroelectric generating stations. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to Customer in later billing periods.

### **C. Adjustment of Rates**

To the extent not inconsistent with the Agreement for the Sale of Expansion Power and Energy between the Authority and the Customer, the rates contained in this Service Tariff EP-1 may be revised from time to time on not less than thirty (30) days written notice to Customer.

### **D. Delivery**

For the purpose of this Service Tariff, Power and/or Energy shall be deemed to be offered when Authority is able to supply Power and Energy and NYISO transmits it to its designated points of interconnection with Customer's Transmission Agent(s). If, despite such offer, there is a failure of delivery by Customer or Designated Entities' Transmission Agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

E. Payment by Customer to Authority

1. The Expansion Power Customer shall pay the Authority for Firm Hydroelectric 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 Capacity Charge per kilowatt for Firm Power & Energy specified in this Service Tariff or any modification thereof applied to the Expansion Power Customer's Billing Demand (as defined in General Provision F, below) for the Billing Period; and
  - b. The Energy Charge specified in this Service Tariff or any modification thereof applied to the amount of firm Energy delivered by Authority to the Expansion Power Customer during such Billing Period as determined by a load splitter percentage, if applicable, in accordance with the Agreement for the Sale of Expansion Power and Energy between Authority and Customer.
  - c. A charge representing reimbursement to the Authority for all applicable taxes incurred by the Authority as a result of providing the Expansion Power allocated to the Customer.
2. 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 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 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 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 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 are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

3. The Expansion Power Customer shall pay for Substitute Energy, if applicable, as specified in the power contract between the Expansion Power Customer and Authority.
4. Bills computed under Service Tariff EP-1 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 and adjustments, if necessary, will be made thereafter.

#### F. Billing

1. Demand – Unless separately metered, the Billing Demand charged by the Authority to each Expansion Power Customer will be the highest 15-minute integrated demand during each Billing Period recorded on the Expansion Customer's meter multiplied by a load splitter percentage, if applicable, as determined in accordance with the Agreement for the Sale of Expansion Power and Energy between Authority and Customer.
2. Energy – Unless separately metered, the kilowatt-hours charged by the Authority to each Expansion Power Customer will be the total number of kilowatt-hours recorded on the Expansion Power Customer's meter for the Billing Period multiplied by a load splitter percentage, if applicable, as determined in accordance with the Agreement for the Sale of Expansion Power and Energy between Authority and Customer.

G. Delivery Point

The delivery point is the point where the incoming lines of the utility in whose service area the Expansion Power Customer's facilities for receipt of the Expansion Power are located are attached to such facilities of Customer.

H. Load Splitter Determination

The load splitter determination, if any, to be applied to render bills to the Customer related to its Expansion Power allocation shall be determined in accordance with the Agreement for the Sale of Expansion Power and Energy between the Authority and Customer. In order for any load splitter determination to become effective, the utility in whose service area the Customer's Expansion Power allocation is delivered must provide its consent.

I. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

J. Adjustment of Charges

1. Distribution Losses

Rates contained in this Service Tariff apply at the Project's switchyard where Customer purchases power from Contractor. Where Customer purchases power directly from Authority, where applicable, appropriate adjustments will be made to compensate for distribution losses.

2. 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 by Contractor 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.

3. Deposits

Authority may require Customer to pay a cash deposit at any time to Authority equal to at least one month's estimated bill which shall be deemed security for the payment on unpaid bills or other claims. Any such cash deposits will be subject to the specific provisions set forth in the Customer's sales agreement with the Authority.

4. Rules and Regulations

The Authority's rules and regulations (16 NYCRR §450 *et seq.*) 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 and regulations, the provisions of this Service Tariff shall govern.

5. 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 for the benefit of domestic and rural consumers change, Authority shall so notify Contractor in writing thirty (30) days prior to such change.

## **V. Annual Adjustment Factor**

### **A. Adjustment of Rate and Charges**

1. An adjustment factor based upon four Indices ((a) through (d) noted below) shall be determined and applied to the base rates set forth in Section III, Monthly Rates and Charges for each Rate Year. The Rate Year is from May 1 to April 30 of the succeeding year. Each of the following four Indices shall be determined as provided below for each calendar year (the "Measuring Year") immediately preceding each Rate Year. The Measuring Year's values shall be compared to the Base Year's (CY 1990) values. The resulting comparison shall be the basis of the annual base rate adjustment.

- (a) the weighted average fuel cost (WAFC) replaced the New York Power Pool (NYPP) based fuel cost index, which ceased with the operation of the NYPP. The 1990 and 1998 NYPP weighted fuel cost indices and the 1998 PPI for Industrial Power remain fixed.

The measuring year (MY) value is the product of the 1998 NYPP fuel price and the ratio of the MY PPI Industrial Power to the 1998 PPI Industrial Power, or:

$$1998 \text{ NYPP fuel price} * \frac{\text{MY PPI Industrial Power}}{1998 \text{ PPI Industrial Power}}$$

- (b) the average of the monthly Producer Price Indexes, Industrial Commodities as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU03thru15);
- (c) the annual Implicit Price Deflator for Gross Domestic Product, as published by the United States Department of Commerce, Bureau of Economic Analysis, and posted on bea.gov/ (table titled "Implicit Price Deflators for Gross Domestic Product", currently table 1.1.9.);
- (d) the average of the monthly Producer Price Indexes, Industrial Electric Power as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU0543).

Such adjustment to the base rates shall be computed as follows:

- (i) for each of the four Indices divide the value for the Measuring Year by the value for the Base Year, then,

- (ii) calculate the arithmetic mean of the four quotients so determined to obtain the Annual Adjustment factor and then,
- (iii) multiply the base rates by the annual adjustment factor to obtain the adjusted base rates.

The foregoing calculation shall be performed by Authority in the manner shown in Section B below.

2. The Authority shall provide Customer with notice of any adjustment to base rates and with all data and calculations necessary to compute such adjustment by April 15 of each year to be effective on May 1 of such year, commencing in 1993; provided that if all necessary data is not provided to Customer by April 15, the rates will be adjusted by the Authority effective May 1 of such year and notice of the proposed increase or decrease and supporting data shall be furnished to Customer as soon thereafter as possible.
3. If any of the four Indices shall cease to be available, Customer and the Authority shall mutually select a substitute index. Pending agreement on a substitute index, the Authority will use the remaining three indices to calculate the Annual Adjustment factor in the manner set forth in paragraph 1 of Section V. A above. If during the term of Agreement, the methodology used in any of the reports or publications reference in paragraph 1 of Section V. A above changes, appropriate adjustment shall be made to all subsequent Measuring Year values so that such values are determined in a manner consistent with the Base Year values.

B. Calculation of the Adjustment Factor

1. Steps to calculate adjustment factor

- Step 1: Determine values for the Measuring Year and the Base Year for each of the four Indices.
- Step 2: For each of the four Indices divide the Measuring Year value by Base Year value.
- Step 3: Calculate Adjustment Factor by summing the results of Step 2 and divide by 4.
- Step 4: Multiply Base Capacity and Energy rates by Adjustment Factor calculated in Step 3.

2. Sample calculation of adjustment factor for May 1, 2006

Base Year = 1990  
 Measuring Year = 2005

**STEP 1**

- Index 1 – Weighted Average Fuel Cost

$$125.08 \quad * \quad \frac{156.2}{130.1}$$

1998 NYPP Fuel Price = 125.08  
 1998 PPI Industrial Power = 130.1  
 MY PPI Industrial Power = 156.2  
 BY NYPP Fuel Price = 177.23

- Index 2 – Producer Price Index, Industrial Commodities

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.1	152.7
February	113.6	153.6
March	113.2	155.6
April	113.2	157.2
May	113.5	156.3
June	113.2	156.6
July	113.4	159.1
August	115.9	160.8
September	118.4	166.0
October	121.4	170.6
November	120.7	167.5
December	119.0	166.6
AVERAGE	115.8	160.2

- Index 3 – GNP Deflator

	<u>Base Year</u>	<u>Measuring Year</u>
	82.9	112.1

▪ Index 4 – Producer Price Index, Industrial Power

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.9	148.9
February	115.0	148.0
March	115.4	148.1
April	115.1	148.7
May	117.0	151.1
June	123.9	159.7
July	124.4	162.1
August	124.6	162.5
September	125.0	162.8
October	121.2	159.5
November	120.2	161.5
December	118.9	161.8
AVERAGE	119.6	156.2

**STEP 2**

- Index 1 150.10 / 177.23 = 0.85
- Index 2 160.2 / 115.8 = 1.38
- Index 3 112.1 / 82.9 = 1.35
- Index 4 156.2 / 119.6 = 1.31

**STEP 3**

$$\frac{0.85 + 1.38 + 1.35 + 1.31}{4} = 1.22$$

**STEP 4**

Base Capacity Rate X Adjustment Factor = Adjusted Rate

$$\text{\$3.80/kW} \quad \text{X} \quad 1.22 \quad = \quad \text{\$4.64/kW}$$

Base Energy Rate X Adjustment Factor = Adjusted Rate

$$6.50 \text{ mills/kWh} \quad \text{X} \quad 1.22 \quad = \quad \text{7.93 mills/kWh}$$