



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

Electric Service Tariff for Full Requirements
Municipal and Rural Electric Cooperative Systems
Firm and Peaking Hydroelectric Power Service

Service Tariff No. 38A

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Schedule of Rates for Firm and Peaking Hydroelectric Power and Energy Service

I. Applicability

For wholesale sales of Project Firm and Peaking Hydroelectric Power and Energy (terms as defined below) to Full Requirements Municipal and Rural Electric Cooperative Systems (terms as defined below) in New York State.

II. Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)

B. The term “Authority” means the Power Authority of the State of New York, a corporate municipal instrumentality and political subdivision of the State of New York operating pursuant to Title 1 of Article 5 of the New York Public Authorities Law, also known as the “New York Power Authority”.

C. The term “Billing Demand” has the meaning set forth in Section III of this Service Tariff.

D. The term “Billing Period” has the meaning set forth in Section III of this Service Tariff.

E. The term “Contract” means the executed “Application for Electric Service” between Customer and Authority inclusive of any amendments, extensions or settlement agreements entered into between Customer and Authority.

F. The term “Contract Demand” has the meaning set forth in Section III of this Service Tariff.

G. The term “Customer” means any of the Full Requirements Municipal and Rural Electric Cooperative Systems located within the State of New York identified as a counter-party in a Contract with Authority.

H. The term “Firm Hydroelectric Power” means capacity (kW) from Project including the capacity adjustments necessary to meet the Installed Reserve Margin set by the New York State Reliability Council intended to be available at all times except for limitations provided in the Contract, the Service Tariff or Rules and subject further to limitations provided in the NYISO Tariffs or

applicable rules as they may be modified from time to time. Firm Hydroelectric Power shall not include peaking power.

- I. The term "Firm Hydroelectric Energy" means energy (kWh) associated with Firm Hydroelectric Power.
- J. The term "Firm Hydroelectric Peaking Power" means additional capacity (kW) from Project.
- K. The term "Firm Hydroelectric Peaking Energy" means energy (kWh) associated with Firm Hydroelectric Peaking Power supplied at 12.5% monthly load factor.
- L. The term "Full Requirements" means all of a Customer's power and energy requirements. As used in this Service Tariff, a Full Requirements Customer purchases all of its power and energy requirements from Authority.
- M. The term "Load Serving Entity" has the meaning set forth in the NYISO Tariffs, as such definition may be modified from time to time.
- N. The term "Municipal and Rural Electric Cooperative Systems" means the public bodies and nonprofit cooperatives located in New York State eligible to be served by Authority under the Niagara Redevelopment Act, 16 U.S.C. § 836, *et seq.*
- O. The term "NYISO" refers to the New York Independent System Operator, Inc. or any successor organization.
- P. The term "NYISO Tariffs" means the NYISO's Open Access Transmission Tariff ("OATT") or the NYISO's Market Administration and Control Area Services Tariff, as applicable, or any successor tariffs to such NYISO Tariffs.
- Q. The term "Project" means the Authority's Niagara Power Project.
- R. The term "Rules" means Authority's Rules and Regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as applicable, as now in effect and as may be later amended from time to time by Authority.
- S. The term "Service Tariff" means this Service Tariff No. 38A.
- T. The term "Transmission Service Charge" has the meaning set forth in the NYISO Tariffs, as such definition may be modified from time to time.

III. Monthly Rates and Charges

A. Monthly Base Rates

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

<u>Effective Date</u>	<u>Demand Rate</u> \$/kW-month of billing demand	<u>Energy Rate</u> Mills/kWh
5/1/2008	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. Minimum Monthly Demand Charge

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

C. Minimum Monthly Energy Charge

The product of the energy rate set forth above and the amount of energy provided under this Service Tariff.

D. Contract Demand

The maximum hydroelectric kilowatts contracted for in the Contract, as measured at Authority's generating station switchyards.

E. Billing Demand

The billing demand under this service tariff shall be the lesser of (a) the contract demand, or (b) Customer's highest 30-minute integrated demand measured during the billing period, adjusted for losses.

F. Billing Period

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

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

Unless otherwise stated in the Contract, Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority, if any, for services provided by the NYISO pursuant to the NYISO Tariffs (as the provisions of those tariffs maybe amended and in effect from time to time) with respect to power service to Customer under this Service Tariff:

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the NYISO Tariffs 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 NYISO OATT;
5. Any Transmission Service Charge assessed upon Authority by the local utility;
6. Any and all other charges, assessments or other amounts associated with deliveries to Customer or otherwise associated with the Authority's responsibilities as agent for the Customer in the performance of Load Serving Entity functions that are assessed on the Authority by the NYISO under the provisions of NYISO Tariffs or under other applicable tariffs; and
7. Any charges assessed on the Authority for facilities needed to maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects) with respect to power service to Customer under this Service Tariff, or required to be paid by the Authority in accordance with law, whether charged by the NYISO or some other third party.

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

H. Resale of Power and Energy

Customer agrees that in reselling power and energy purchased from Authority under this Service Tariff that the benefits of such power and energy will be made available to the extent practicable to all retail consumers located within Customer's service area on a nondiscriminatory basis as may be approved by Authority.

I. 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 Authority or that Authority is required to collect from its 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 and this Service Tariff with regard to deliveries to Customer are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase or as may be required by Customer.

B. Allocation of Energy

1. For Firm Service

The kilowatt-hours provided to Customer under this Service Tariff shall be the total number of kilowatt-hours recorded on Customer's meter during the billing period, adjusted for losses, multiplied by the ratio of (a) Customer's Billing Demand under this Service Tariff to (b) Customer's highest 30-minute integrated demand recorded during the Billing Period, adjusted for losses, such ratio not to exceed one.

2. For Firm Peaking Service

Authority shall normally supply Firm Hydroelectric Peaking Power & Energy to Customer at 12.5 percent (12.5%) monthly load factor. In the event that hydraulic conditions at Authority's hydroelectric generating stations require the Authority to reduce the amount of Firm Hydroelectric Peaking Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions shall be applied to all Customers served under this Service Tariff in proportion to their relative allocations of Firm Hydroelectric Peaking Power and Energy.

The offer of Firm Hydroelectric Peaking Power and Energy for delivery pursuant to Section E below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Peaking Energy is taken by Customer.

C. Adjustment of Rates

The rates for power and energy contained in this Service Tariff may be revised by Authority from time to time in accordance with the Rules.

D. Adjustment of Charges

1. Transformer Losses

If delivery is made at transmission voltage but metered on the low 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, by two percent to compensate for transformer losses.

2. Power Factor

None. Customer shall maintain a power factor at the point of delivery of not less than 90 percent lagging or leading.

E. Construction, Operation and Maintenance of Customer's Power Systems

For purposes herein, Customer's power system shall mean the power system of Customer and of any purchaser, transmitter or distributor designated by Customer to receive or handle the power contracted for herein, and for the purposes of this Provision, Authority's power system shall mean all facilities over which power and energy are delivered to Customer or Customer's local utility, whether or not owned by Authority.

Customer shall construct, operate and maintain its power system and/or electrical equipment in a manner which will not interfere with any service supplied from Authority's power system. If, after reasonable notice of an unsatisfactory condition on Customer's power system, which interferes or may interfere with any service supplied from Authority's power system, Customer fails or refuses to cause such changes to be made as may be necessary to eliminate such unsatisfactory condition, Authority may discontinue furnishing electric service to Customer so long as such interference exists. Such a discontinuance of electric service will not relieve Customer of liability for the minimum monthly charges provided for herein during the term said electric service is so discontinued. Nothing in this paragraph shall be construed to render Authority liable for any claims, demands, costs, losses, causes of action, damages, or liability of whatsoever kind or nature arising out of or resulting from the construction, operation or maintenance of Customer's power system.

F. Payment by Customer for Firm and 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.

G. 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. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Contract, the provisions of the Contract 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 Contract, 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 such applicable Contract.

Surcharges that result from the FAC shall be suspended from May 1, 2009 until further notice provided by Authority.