



**NY Power
Authority**

**Canal
Corporation**

**JOINT MEETING OF
NEW YORK POWER AUTHORITY BOARD OF TRUSTEES
AND
NEW YORK STATE CANAL CORPORATION BOARD OF DIRECTORS**

PROPOSED AGENDA

December 9, 2025 at 10:00 a.m. (approximately)

Members: Chair John R. Koelmel, Dennis Trainor, Bethaida Gonzalez, Cecily Morris, Lewis Warren, Jr., Laurie Wheelock, Michael Cusick

- 1. Adoption of December 9, 2025 Proposed Meeting Agenda**
- 2. Motion to Conduct an Executive Session**
- 3. Motion to Resume Meeting in Open Session**
- 4. DISCUSSION AGENDA:**
 - a. Strategic Initiatives**
 - i. President and Chief Executive Officer's Report -- (Justin E. Driscoll)
 1. Renewables Strategic Plan Update – Resolution (Christopher Hutson)
 - b. Utility Operations**
 - i. Chief Operating Officer's Report -- (Joseph Kessler)
 - c. Financial Operations**
 - i. Chief Financial Officer's Report -- (Adam Barsky)
 1. New York Power Authority and New York State Canal Corporation Filing of the 2026 Budget and 2026-2029 Financial Plan Pursuant to Regulations of the Office of the State Comptroller -- Resolution (Adam Barsky)
 2. Hydroelectric Preference Power Rates - Notice of Adoption - Resolution (Adam Barsky)



d. Risk and Resiliency

- i. Chief Risk and Resiliency Officer's Report -- (Alexis Harley)

e. Governance Committee Report – (Chair Gonzalez)

i. Governance Committee Recommendations for Approval:

1. Procurement and Related Reports for New York Power Authority and Canal Corporation (January – June 2025) -- Resolution (John Canale)
2. Approval of Guidelines for Procurement Contracts -- Resolution (John Canale)
3. Approval of Guidelines for Disposal of Personal Property and Expenditure Authorization Procedures for New York Power Authority and Canal Corporation -- Resolution (John Canale)
4. Annual Review and Approval of Guidelines and Procedures for the Disposal and Acquisition of Real Property and Expenditure Authorization Procedures of the New York Power Authority and Canal Corporation – Resolution (Allison Shea)
5. Review and Approval of Amended Investment Policy Statement for the Other Post-Employment Benefits Trust – Resolution (Adam Barsky)

f. Finance Committee Report – (Chair Koelmel)

i. Finance Committee Recommendations for Approval:

1. Release of Funds in Support of the New York State Canal Corporation for Q1 2026 - Resolution (Adam Barsky)
2. Release of Funds in Support of the Western New York Power Proceeds Allocation Act – Resolution (Adam Barsky)
3. Hudson Transmission Project Renewable Energy Delivery – Authorization to Negotiate and Execute Transmission Capacity Resale Agreement – Resolution (Donna McMonagle)



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4. Next Generation Niagara (NGN) Stator Replacement – Contract Award – Resolution (Timothy Poe)
5. Workforce Development Funding – Authorization to Release Funds – Resolution (Sandra Bleckman)

g. Audit Committee Report – (Chair Trainor) – Oral Presentation

5. CONSENT AGENDA:

a. Utility Operations

- i. Clean Distributed Energy Resources Grant Program – Authorization to Extend Time to Expend Unallocated Funds for Another Five Years – Resolution (Dave Work)
- ii. Computerized Maintenance Management System for Energy Efficiency Customers – Resolution (Dave Work)

b. Customer Solutions

- i. Renewed Relicensing Contract for the Sale of Hydroelectric Power and Energy - Final Approval and Transmittal to the Governor- Resolution – (Maribel Cruz-Brown)
- ii. Recharge New York Power – New, Extended and Modified Allocations– Resolution (Maribel Cruz-Brown)
- iii. Expansion Power Allocations – Resolution (Maribel Cruz-Brown)
- iv. Annual Compliance Review – Expansion Power, Replacement Power, and Preservation Power Hydropower Programs – Resolution (Maribel Cruz-Brown)
- v. Preservation Power Allocation Extensions and Notice of Public Hearing – Resolution (Maribel Cruz-Brown)
- vi. Extension of Operational Support and Maintenance Support Program for the Authority's Energy Efficiency Customers – Resolution (Maribel Cruz-Brown)
- vii. Recommendation for the Award of Fund Benefits from the Western New York Economic Development Fund by the Western New York Power Proceeds Allocation Board – Resolution (Maribel Cruz-Brown)



NY Power Authority | Canal Corporation

- viii. Recommendation for the Award of Fund Benefits from the Northern New York Economic Development Fund by the Northern New York Power Proceeds Allocation Board - Resolution (Maribel Cruz-Brown)
- ix. Transfer of ReCharge New York Power Allocations - Resolution (Maribel Cruz-Brown)
- x. Preference Power and Preference Rate Hydropower Contracts - Notice of Public Hearing - Resolution (Maribel Cruz-Brown)

c. Procurement (Services) Contracts

- i. Procurement (Services) and Other Contracts – Business Units and Facilities – Awards, Extensions, and/or Additional Funding – Resolution (John Canale)

d. Governance Matters

- i. Approval of the 2026 Schedule of Meetings – Resolution (Karen Delince)
- ii. Approval of the Minutes of the Joint Power Authority of the State of New York and New York State Canal Corporation held on September 23, 2025.

6. BOARD RESOLUTION: Brian Stratton -- (Justin Driscoll)

7. Next Meeting



December 9, 2025

Motion to Conduct an Executive Session

I move that the Board conduct an executive session to discuss the financial and credit history of a particular corporation (pursuant to §105f of the Public Officers Law).



December 9, 2025

Motion to Resume Meeting in Open Session

I move to resume the meeting in Open Session.



President & CEO Report

Justin E. Driscoll
President & CEO

December 9, 2025

People & Values

Customer Development

VISION2030
Renewed

Transmission Development

Clean Energy, Sustainability, Resiliency

Developing 1 GW of Nuclear Energy for New York

Progress:

- **Sept:** Hosted Advanced Nuclear Energy Workforce Roundtable
- **Oct:** Issued first solicitations for interested communities and developers
- **Nov:** Finance Cmte approved \$10M a year for Nuclear Workforce Development
- **Dec:** Hired SVP of Nuclear Development and Senior Nuclear Consultant
- Ongoing work with NEI, EPRI and other nuclear industry organizations



Investing in people,
not just power



Forbes
2026

AMERICA'S
**BEST EMPLOYERS
FOR ENGINEERS**
POWERED BY statista

Forbes
2025

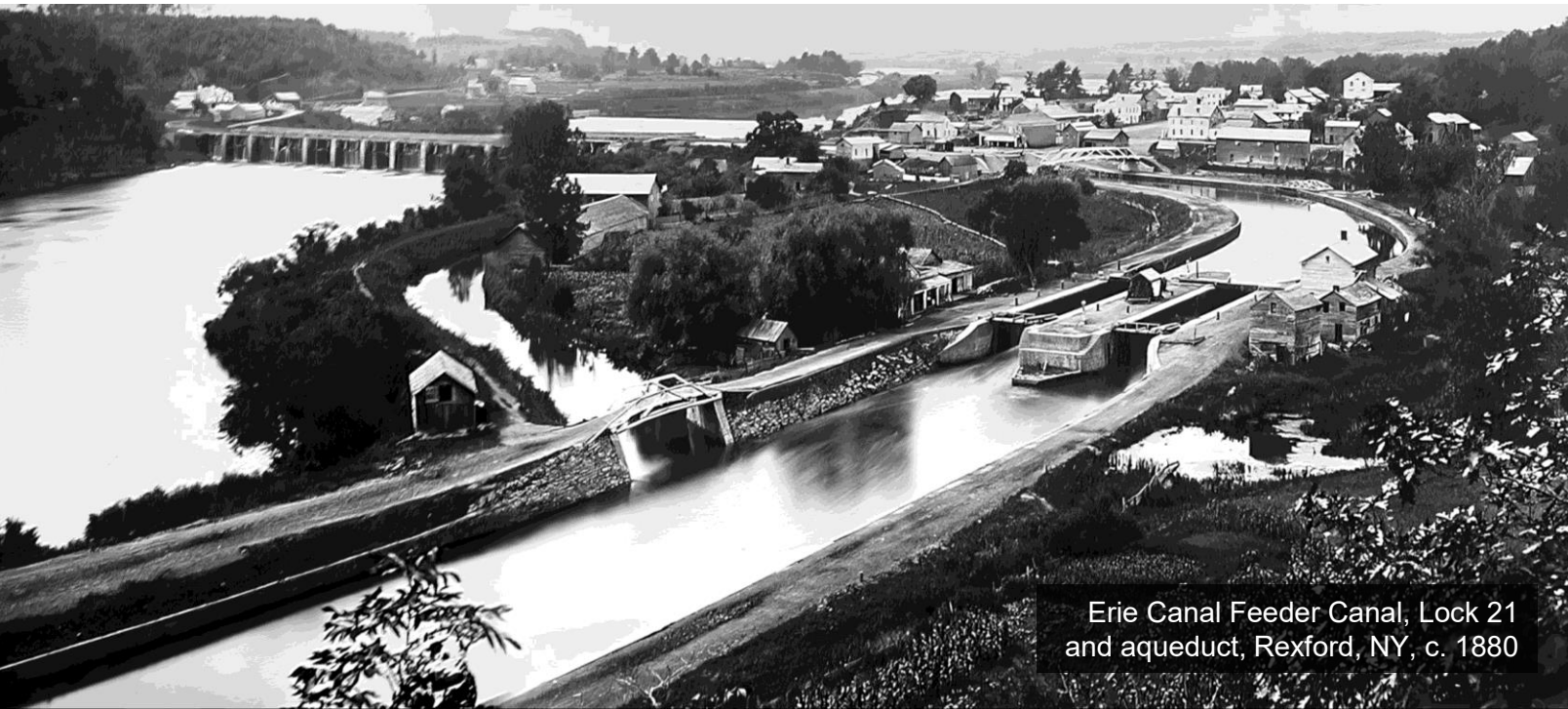
**BEST EMPLOYERS
FOR NEW GRADS**
POWERED BY statista

Forbes
2025

AMERICA'S
**BEST MIDSIZE
EMPLOYERS**
POWERED BY statista

Celebrating 200 Years

The New York State Canal system is among the country's most transformative infrastructure projects, shaping the economic, social and political landscape of the United States. Its creation helped to make New York City the chief port in the United States and opened the western part of the state and other western territories to increased settlement and trade that accelerated the nation's growth and development in the 19th century.



Erie Canal Feeder Canal, Lock 21 and aqueduct, Rexford, NY, c. 1880



Construction on the Erie Canal in Scotia, New York



Brockport pedestrian bridge



The Washington Post
Democracy Dies in Darkness

The Erie Canal is turning 200. New York is throwing a summer-long party.

The waterway, one of the continent's most significant, has a history full of abolitionism, commerce and cultural connection.

May 26, 2025

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BREAKING Gold Slumps Most in Four Years as Record-Breaking Rally Cools Read more



When it opened in 1825, the Erie Canal carved a commercial highway across New York State. Photographer: Matt Champin/Moment RF

CityLab | Design

The Long Comeback of the Erie Canal

One of America's first major public works projects is marking its 200th anniversary — and seeking a path to the future.

By Timothy A. Schuler
October 7, 2025 at 12:06 PM EDT

artnet news

Art & Exhibitions

Will Art Lovers Flock to a Tiny New York Village? This New Triennial Hopes So

The village of Medina is home to just 6,000, but is already drawing attention for a "culinary and cultural renaissance."

by **Brian Boucher**
July 1, 2025

the **CAPITOL** pressroom
A WCNY Radio Production



Erie Canal turns 200!

By David Lombardo Published On: October 8th, 2025
Categories: Capitol Pressroom

NATIONAL GEOGRAPHIC

TRAVEL

Set sail on the Erie Canal 200 years after its inaugural voyage

In September 1825, the Seneca Chief left Buffalo for Manhattan—a moment that would help transform western New York State into a boomtown. Here's how to celebrate the bicentennial.



The World Canals Conference 2025 in September is being hosted by Buffalo, New York, aligning with the anniversary of the Seneca Chief's inaugural voyage 200 years earlier.

artbook & **MoMA PS1** BOOKSTORE

celebrates the **Inventory Press** publication

The Work and the Water

Labor and Landscape Along the Erie Canal

by **Matthew López-Jensen**

THE CONVERSATION
Academic rigors. Journalistic flair.

Arts + Culture Economy Education Environment + Energy Ethics + Religion Health Politics + Society Science + Tech World Podcasts



The Erie Canal: How a 'big ditch' transformed America's economy, culture and even religion

Published: October 20, 2025 9:45am EDT

The Erie Canal, seen here in Pittsford, N.Y., opened up western regions to trade, immigration and social change. Andre Carrofflower via Wikimedia Commons, CC BY-SA



Opinion
Opinion by George F. Will

Erie Canal, here's to your 200th. Thanks for transforming America.

The canal's 363 miles, dug by human muscle, aided by improvised cleverness, helped build a nation.

Today at 7:00 a.m. ET

▶ 4 min



The Erie Canal near Little Falls, New York, c. 1905. (Library of Congress Prints and Photographs Division)



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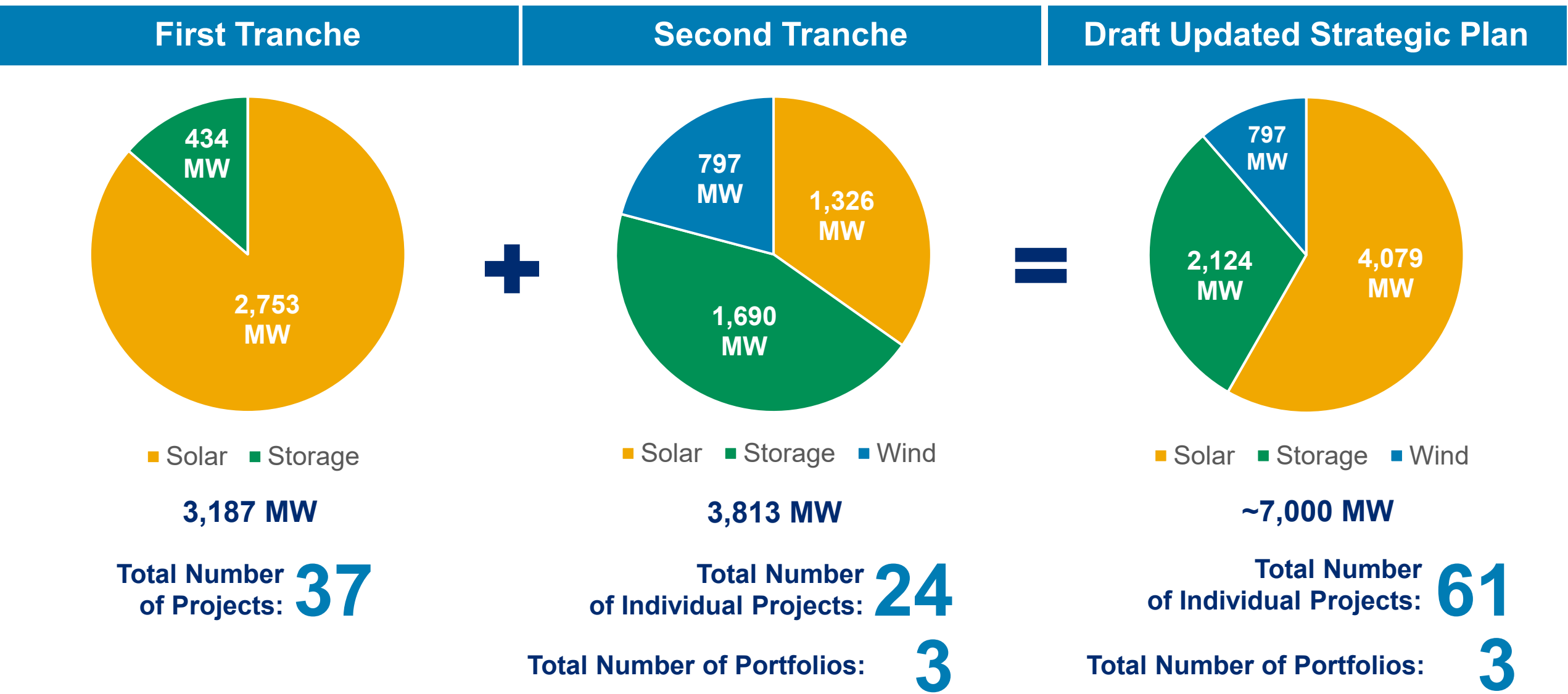
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Renewables Update

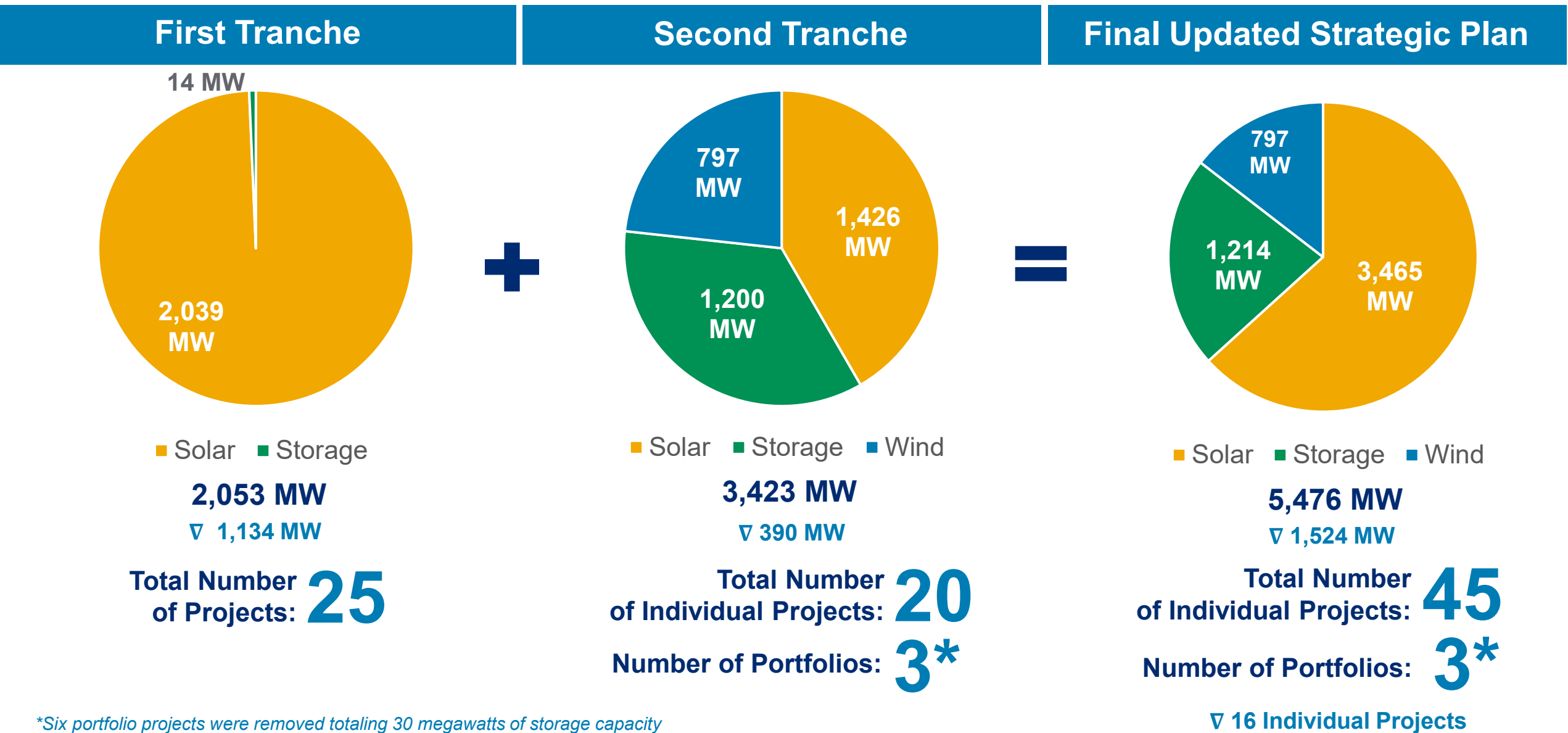


Christopher Hutson
SVP NYPA Development

NYPA Renewables Draft Updated Strategic Plan

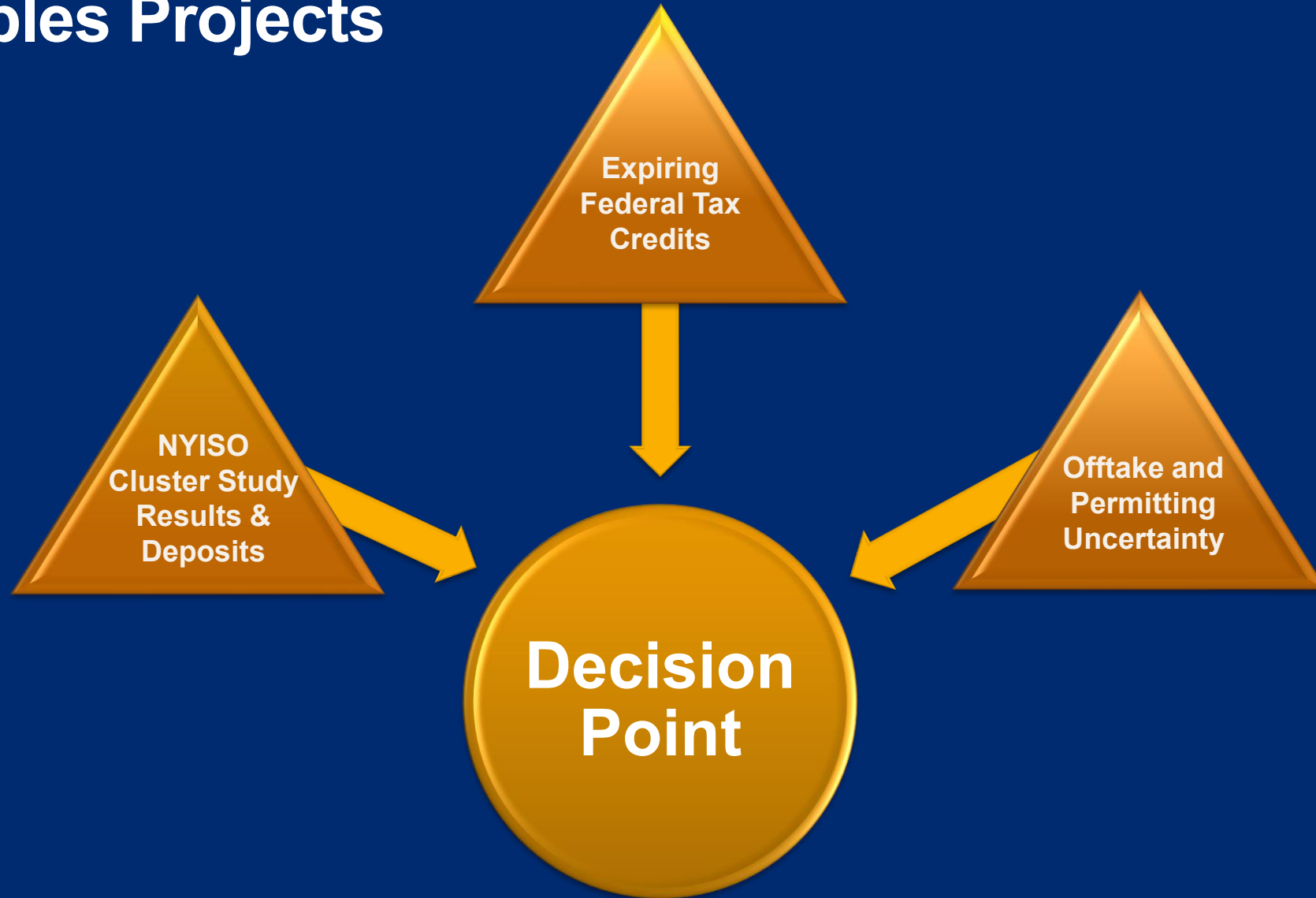


2025 Final NYPA Renewables Updated Strategic Plan



**Six portfolio projects were removed totaling 30 megawatts of storage capacity*

Factors Impacting Renewables Projects



An Update on Federal Actions and Impacts

H.R.1

IRA Tax Credits for Solar and Wind

- Wind and solar projects must “**commence construction**” by July 4, 2026, or be **placed in service** before December 31, 2027, to qualify for federal tax credits

Broadens Foreign Entity of Concern (FEOC) Restrictions

- Complex rules related to projects owned or controlled by, or that receive “material assistance” from, a FEOC-classified country

July 7 Executive Order

- Directed Treasury to review and revise “**commence construction**” guidance related to wind and solar production and investment tax credits
- Directed Treasury to issue new FEOC guidance

August 15 Guidance

- Treasury issued guidance to define “**commence construction**”
- Eliminated “5% safe harbor” for projects >1.5MW

Strategies for Implementing Renewables

Near-term

- Aggressively pursue safe harboring identified priority projects
- Leverage capital to advance permitting processes and equipment procurement

Long-term

- Further develop safe-harbored projects
- Work with developers and customers to identify additional projects for future iterations of the plan
- Employ alternative financing mechanisms
- Explore different types of renewables projects beyond solar, wind and battery energy storage

Important Mechanisms for Renewable Development

Financial Resources

- **\$1.2 billion for renewables in new four-year capital plan**
- **\$200 million from Sustainable Futures Fund**
- **\$100 million intercompany loan to New York Renewable Energy Development Holdings Corporation**
- **\$300 million in NYPA equity¹**

¹ \$100m already released to NYRED. Future releases subject to NYPA board approval.

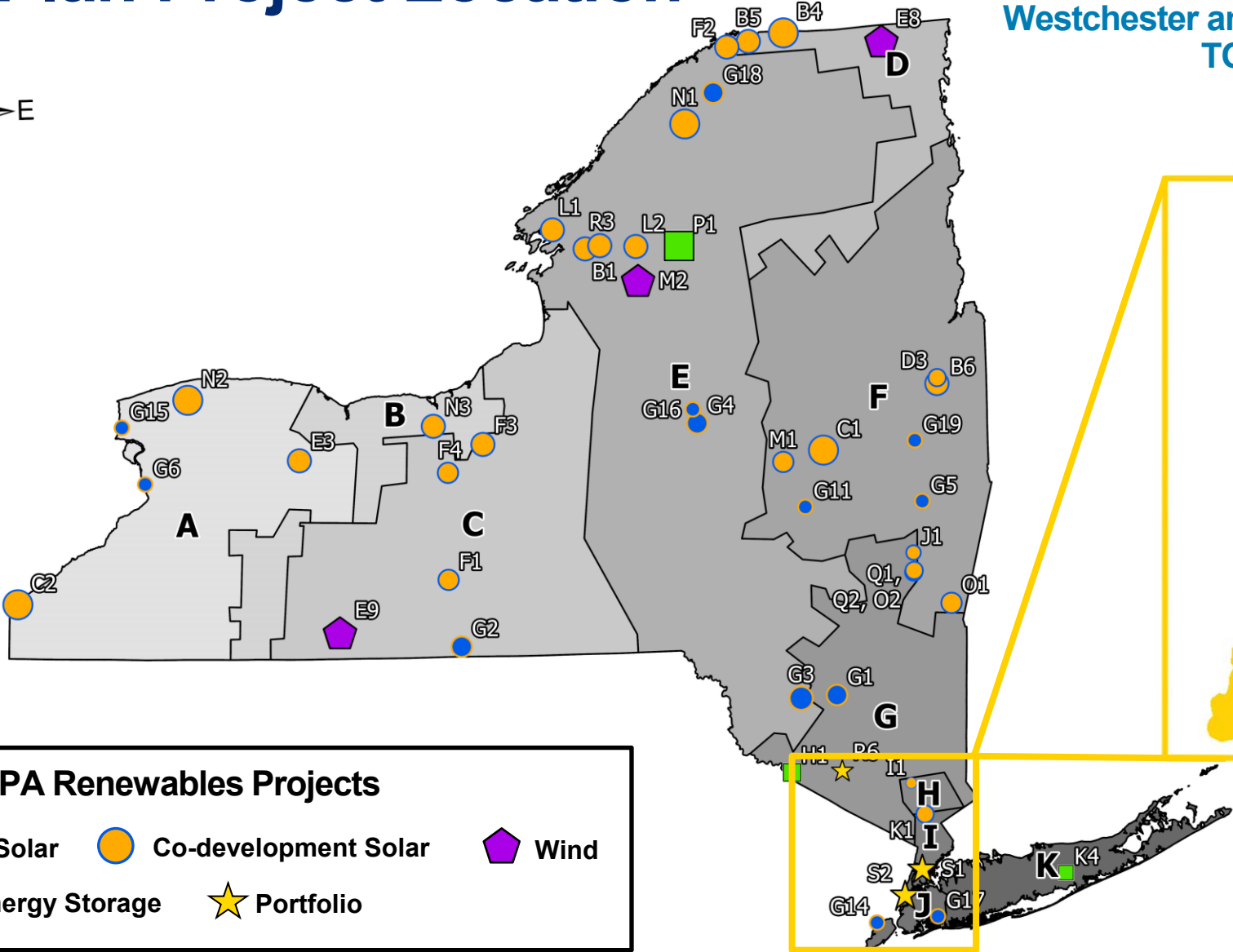
Offtake Structures

- **NYSERDA RECs**
- **NYSERDA ISCs**
- **Power Purchase Agreements**
- **Public Power for Public Entities**
 - Governor Hochul's initiative that directs State agencies to enter contracts with NYPA for renewable energy

Strategic Plan Project Location



DG Storage Assets Capacity in
Westchester and New York City (MW)
TOTAL: 690



NYPA Renewables Projects

 NYPA Greenfield Solar

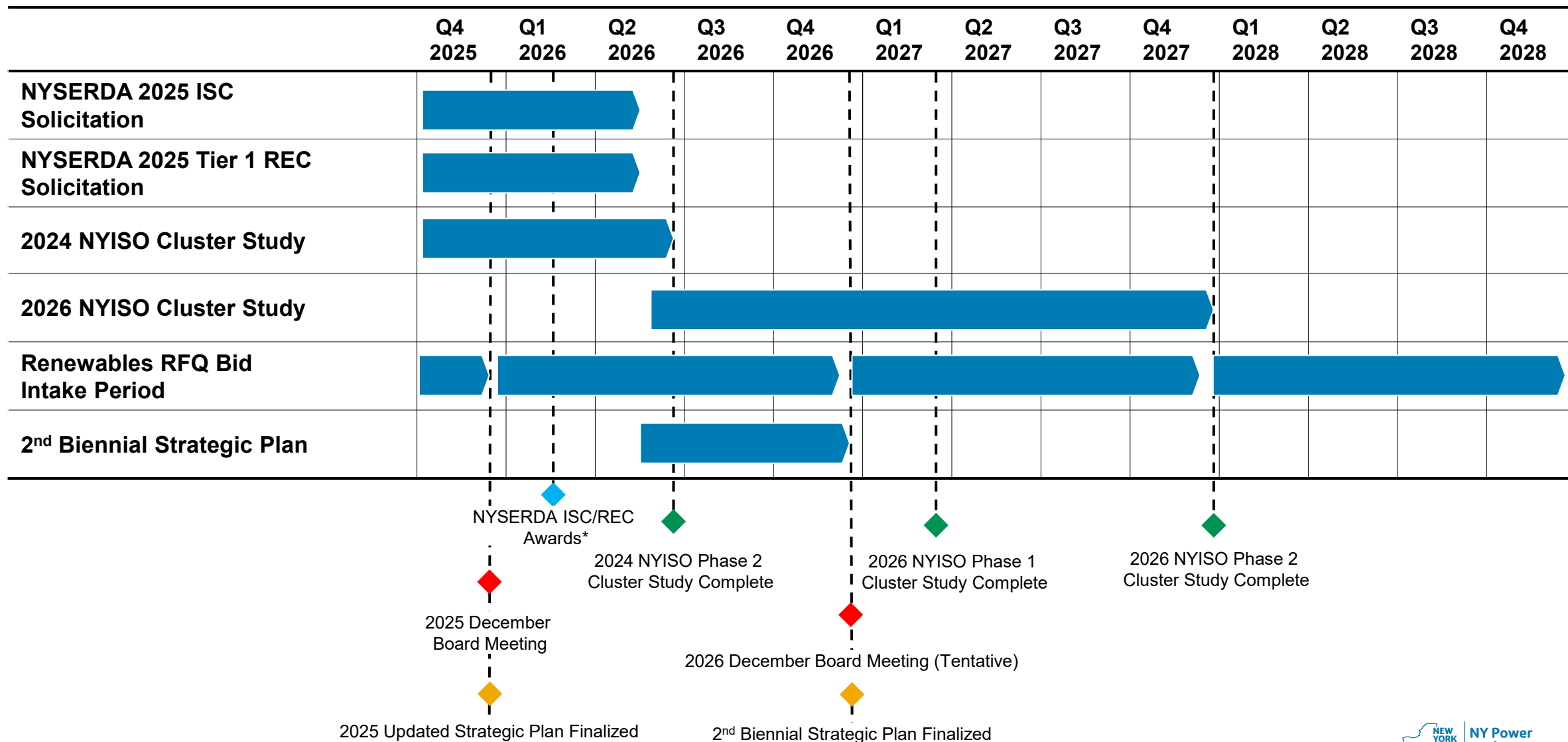
 Co-development Solar

 Wind

 Energy Storage

 Portfolio

Key Deadlines & Milestones



Stakeholder Engagement by the Numbers

2 Virtual Public
Hearings

66 Speakers

300+ Live Viewers

6,000+ Public
comments*

*45-day public comment period from July 29 - September 12



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What's next?

Solicitations

- Rolling RFQ for co-development and investment
 - RFP for development consulting services
- RFP for owner's engineers
- RFQ for equipment supply
 - RFP for operations & maintenance
- RFP/RFQ for engineering, procurement, and construction
 - RFP for agrivoltaics
- RFI/RFQ technology solution for storage
- RFA for REACH Contributions

Project Updates

Somers Solar

- Project will be successfully safe harbored
 - On-site construction beginning early 2026
- Commercial operation expected in late 2027

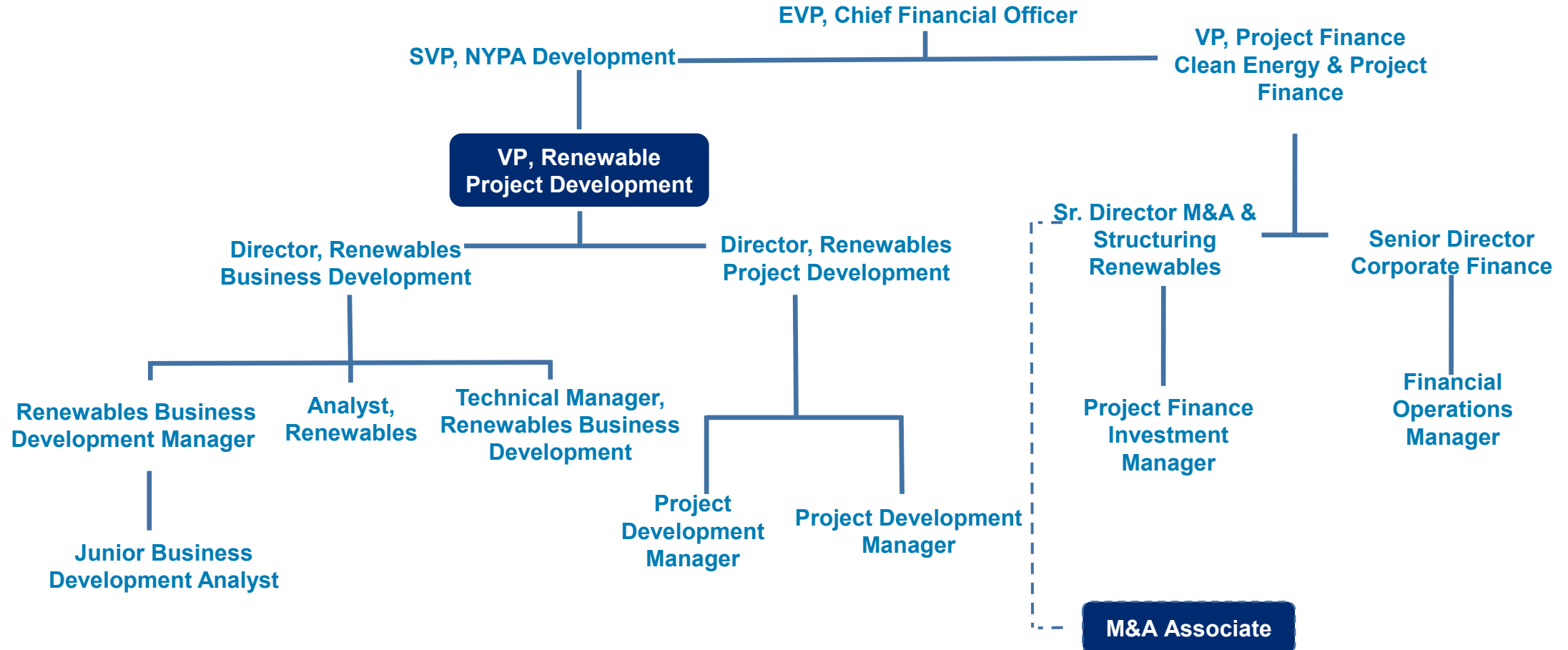
HARVEST

- Agrivoltaics project at SUNY Ag & Tech
- Supported by \$750,000 in NYSERDA grant funding
- Feasibility studies complete

New Deals

- Exclusivity agreements entered for projects totaling approximately 350 MW
- Development deals expected to close in the first half of 2026

Renewables Organization



REQUEST

Recommend that the NYPA Board of Trustees adopt and approve the update to the Renewables Strategic Plan



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Chief Operating Officer's Report

Joseph F. Kessler, P.E.
EVP & Chief Operating Officer

December 9, 2025

Driving Operational Excellence



PLAN

- Leverage digital engineering tools, robotics, mobile platforms, advanced analytics, and enhanced project information systems to prioritize work across construction, operations, maintenance
- Monitor the federal landscape as future major overhauls are planned and sequenced



DO

- Continue to mature as a project delivery organization, utilizing different delivery models to deliver the growing portfolio
- Complement subject-matter expertise with suppliers to efficiently and effectively implement projects and programs across Generation, Transmission, Canals, and Customer portfolios



CHECK

- Strengthen a culture of continuous improvement by connecting customer needs to our work and highlighting the relationships between our roles and the customers we serve
- Deliver additional products and services through Customer Value Stream Analysis (CVSA)



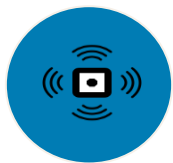
ACT

- Adjust operating models to place a stronger focus on environmental, health, and safety aspects of assets and personnel
- Support the implementation and sustained maintenance activities across the growing Transmission asset base

2026 Innovation: Key Deliverables

- Scale Technology Programs to facilitate new ways of working
- Implement Maximo Application Suite and Mobile Platform for inspections + asset and work management.
- Advance iSOC for enhanced asset monitoring and situational awareness
- Integrate 3D design, mobile drawing tools, and Project Management Information System
- Enhance design efficiency and optimizing project delivery

Technology Programmatic Approach



Sensors



Robotics



Mobile



AI and Adv.
Analytics

Federal Tax Credit Optimization

Background

- "Direct Pay" provision makes governmental entities to be eligible for credits
- Current production tax credit amount is \$30/MWh
- Tax credits can be claimed for 10 years after the project is placed in service
- Credits will phase out after 2034

NYPA Response (Production Tax Credits)

- Analyze Capital portfolio for Hydro Production Tax Credits eligibility
- Focus on NGN, BG Major Overhaul, Small Hydro Upgrades
- Collaborative effort between NYPA Finance and Operations

Plan – Do – Check – Act



ENHANCE PROJECT DELIVERY THROUGH COMPLEMENTARY SERVICES

Our Project Delivery team leverages strategic procurement practices, technology, and fit-for-purpose delivery methods. By aligning contracting models, fostering supplier relationships, and optimizing execution approaches, we consistently deliver complex Generation, Transmission, Infrastructure, and Customer portfolios with speed, cost efficiency, and controlled risk.



Core Clean Energy infrastructure

- Drive future hydro operational performance through an RFP to develop new turbines with an expanded operating range, enhancing flexibility at Niagara
- Replace gantry cranes at NIA & STL, utilizing existing value contracts to support O&M and capital project activities
- Award construction contract to modernize BG Visitors Center
- Support NYPA Renewables to deliver renewables portfolio



Canal system revitalization

- Implement a flexible, asset risk-prioritized budget control system for all Canals capital programs
- Commence construction on Madison Reservoir Dam, the first critical infrastructure project funded by Department of Budgets
- Deploy a flexible delivery model through the award of a new value contract suite for earthwork
- Enhance project delivery efficiency by awarding design-build value contracts for critical water control infrastructure projects



Leading Transmission development

- Complete construction and energization of Smart Path Connect by mid-2026
- Advance Propel and Uniondale Hub Substation projects through Article VII permitting, final designs, and commence construction by Q3-Q4 2026
- Complete construction and asset turnover to NYPA operations for in-flight, developer-led interconnect projects
- Support reliability of transmission operations through development and execution of a risk-based critical spares procurement program



Strategic Customer enablement

- Partner with customers to implement a \$400M+ portfolio of energy efficiency, EV charging, and renewables projects
- Optimizing processes and utilizing technology to cost-effectively manage a growing, complex portfolio
- Award new value contracts for the energy efficiency program to replace those expiring in 2026, with contract award recommendations and program authorizations expected mid-2026



Plan – Do – Check – Act

ASSESS CUSTOMER NEEDS AND USE TEAM INSIGHTS TO DRIVE IMPROVEMENTS



Continuous Improvement Culture is driven by two key factors:

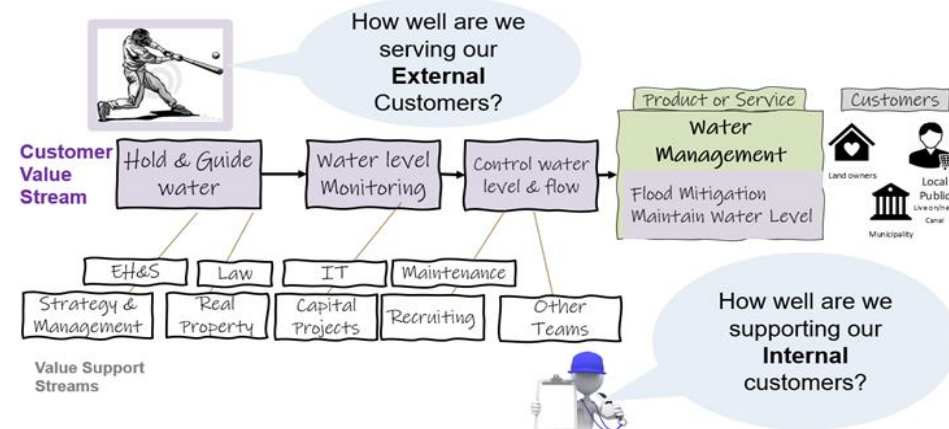
1. Customer Focus

- Understand our customers' needs
- Map how processes and the people support these needs
- Identify problems or performance gaps from a customer perspective using Customer Value Stream Analysis or Customer Journey Mapping

2. Respect for Every Person

- Focus on more meaningful work for our customers through the Problem Solving Method
- Drive Innovation through experimentation and controlled failure – aiming to discover, implement, and celebrate the best ideas

Customer Value Stream Analysis – SEEK Problems/Gaps



Problem Solving Method – SOLVE Problems/Gaps in 8 steps



Transmission – 2035

Develop operational framework to enhance O&M capabilities for a growing asset base

- **Enhanced Focus:** Facilitate an enhanced focus on the Transmission group to better manage and integrate new assets and interconnections
- **Operational Efficiencies:** Seek and implement workforce and operational efficiencies to provide increased value to customers and ratepayers
- **Expansion in Northern and Central-West:** Expand Transmission O&M capabilities in Northern and Central-West regions to address new renewable interconnections and large loads.
- **Development in SENY:** Build new Transmission O&M capabilities in SENY region to manage growing asset base with Propel NY, while leveraging existing expertise and capabilities

EHS Management System

Enhance operational framework to improve EHS performance and compliance

- **Leadership Commitment:** Strengthen leadership involvement to set the tone for accountability, ethical operations, and achieving operational excellence in EHS
- **Risk Management:** Continuously improve risk management practices to prevent noncompliance and minimize adverse environmental impacts
- **Systematic Implementation:** Implement EHS plans systematically to ensure consistency and effectiveness, maintaining a safe and regulatory compliant workplace
- **Regular Monitoring:** Conduct inspections and reviews to ensure compliance with environmental, health, and safety standards, and report progress to build trust with stakeholders
- **Adaptive Adjustments:** Utilize feedback and measurement insights to adjust strategies and foster innovation, driving resilience and continuous improvement in EHS practices



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Chief Financial Officer's Report

Adam Barsky

EVP & Chief Financial Officer

December 9, 2025

Year-To-Date Actuals through October 31st

10+2

In \$ Thousands	2025 Budget (\$)	2025 Current (\$)	Variance (\$)

Net Operating Income

Operating Revenue			
Generation Revenue	\$775,242	\$908,066	\$132,824
Ancillary Service Revenue	30,538	44,323	13,785
Transmission and Other	321,597	363,438	41,841
Non Utility Revenue	50,539	53,497	2,958
Pass Through Revenue	1,587,611	1,922,968	335,357

Operating Revenue Total	2,765,527	3,292,292	526,765

Operating Expense			
Purchase Power	(10,003)	(48,118)	(38,115)
Fuel Consumed	(30,401)	(43,291)	(12,890)
Transportation and Delivery	(80,307)	(79,845)	462
Pass Through Expense	(1,587,611)	(1,922,968)	(335,357)

Operations & Maintenance	(620,969)	(595,503)	25,467
Monetized Funds Support	(15,210)	(38,848)	(23,638)
Other Expense	(75,461)	(138,306)	(62,845)
Allocation to Capital	43,430	27,898	(15,532)

Operating Expense Total	(2,376,532)	(2,838,982)	(462,450)

Operating Income Total	388,995	453,310	64,315

Non Operating

Interest and Other Expenses			
Investment and Other Income	64,848	96,521	31,673
Mark to Market Adjustments	0	11,801	11,801

FADS Total	453,843	561,632	107,789

Interest & Other Expenses	(29,409)	(29,464)	(55)
Depreciation	(297,763)	(298,302)	(538)

Interest and Other Expenses Total	(262,324)	(219,444)	42,881

NET INCOME	\$126,672	\$233,866	\$107,194

FADS: Funds Available for Debt Service

Margins - Generation **\$41,247**

Margins - Transmission **22,897**

Margins - Non Utility **2,645**

Operating Expenses **(2,474)**

Non-Operating Net **42,881**

\$107,194



2025 Year-End Projection

10+2

In \$ Thousands	2025 Budget (\$)	2025 Current (\$)	Variance (\$)	
Net Operating Income				
Operating Revenue				
Generation Revenue	\$926,341	\$1,064,396	\$138,055	
Ancillary Service Revenue	36,966	53,657	16,691	
Transmission and Other	400,229	463,864	63,635	
Non Utility Revenue	60,631	65,208	4,578	
Pass Through Revenue	1,912,440	2,258,007	345,567	
Operating Revenue Total	3,336,606	3,905,132	568,525	
Operating Expense				
Purchase Power	(12,472)	(51,074)	(38,603)	
Fuel Consumed	(35,297)	(48,050)	(12,753)	
Transportation and Delivery	(96,763)	(96,148)	615	
Pass Through Expense	(1,912,440)	(2,258,007)	(345,567)	
Operations & Maintenance	(743,333)	(707,616)	35,717	
Monetized Funds Support	(17,806)	(47,017)	(29,211)	
Other Expense	(90,553)	(162,962)	(72,409)	
Allocation to Capital	52,589	25,554	(27,036)	
Operating Expense Total	(2,856,074)	(3,345,322)	(489,248)	
Operating Income Total	480,532	559,810	79,278	
Non Operating				
Interest and Other Expenses				
Investment and Other Income	77,887	111,906	34,019	
Mark to Market Adjustments	0	11,801	11,801	
FADS Total	558,419	683,517	125,097	
Interest & Other Expenses	(35,249)	(36,608)	(1,359)	
Depreciation	(357,316)	(357,854)	(538)	
Interest and Other Expenses Total	(314,677)	(270,755)	43,922	
NET INCOME	\$165,855	\$289,054	\$311,406	\$123,200
		Low Case	Expected	High Case

Margins - Generation** **\$40,189**

Margins - Transmission **48,151**

Margins - Non Utility **4,230**

*** Includes Merchant Gross Margin Variance of \$25,864 :
Budget @ \$349,371 vs Current @ \$375,235*

Operating Expenses **(13,292)**

Non-Operating Net **43,922**

\$123,200

FADS: Funds Available for Debt Service

Low/High case taken from Risk's Merchant Portfolio Daily Performance Summary



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Date: December 9, 2025

To: NEW YORK POWER AUTHORITY TRUSTEES AND NEW YORK STATE CANAL CORPORATION BOARD OF DIRECTORS

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: New York Power Authority, Separately Financed Projects, and New York State Canal Corporation Filing of the 2026 Budgets and 2026-2029 Financial Plan Pursuant to Regulations of the Office of the State Comptroller

SUMMARY

In accordance with regulations of the Office of the State Comptroller ("OSC"), the New York Power Authority Trustees ("Trustees") and New York State Canal Corporation Board of Directors ("Board of Directors") are requested to approve the New York Power Authority, Separately Financed Projects ("SFP"), and New York State Canal Corporation Filing of the 2026 Budgets and 2026-2029 Financial Plan (in the form approved, the "Budget and Financial Plan") and authorize: (i) submitting the Budget and Financial Plan to OSC, (ii) posting the Budget and Financial Plan on the website of the New York Power Authority (the "Power Authority"), and (iii) making the Budget and Financial Plan available for public inspection at not less than five convenient public places throughout New York State.

In addition, the Trustees are requested to approve the 2026 Budgets for the Power Authority specifically including the expenditures for: (i) Operations and Maintenance ("O&M") Budget, (ii) Capital Budget, (iii) Energy Services Budget (iv) SFP O&M Budget. The Board of Directors are requested to approve the 2026 Canal Corporation Budgets, including (i) Canal Corporation O&M Budget encompassing the Canal Development Fund ("CDF"), and (ii) Canal Corporation Capital Budget. Collectively all items described above are herein referred to as the "2026 Budget".

The 2026 Budgets set forth the Power Authority, Separately Financed Projects, and the Canal Corporation recommended expenditures in the following amounts:

Power Authority Budgets

O&M	\$ 670.7M
Capital*	\$ 727.8M
Energy Services	\$ 321.0M

SFP Budget

O&M	\$ 74.7M

Canal Corporation Budgets

O&M (Including CDF)	\$ 116.7M
Capital	\$ 121.8M

**The 2026 NYPA Capital budget includes \$31.0M of SFP capital.*

The Budget and Financial Plan comprise Exhibit “A”.

BACKGROUND

The Power Authority is committed to providing clean, low-cost, and reliable energy consistent with its commitment to the environment and safety, while promoting economic development and job development, energy efficiency, renewables, and innovation, for the benefit of our customers and all New Yorkers. The mission statement of the Authority is to power the economic growth and competitiveness of New York State by providing customers with low-cost, clean, reliable power and the innovative energy infrastructure and services they value.

The Canal Corporation became a subsidiary of the Power Authority effective January 1, 2017. Pursuant to Section 1005-b(5) of Article 5, Title 1 of the Public Authorities Law, the members of the Canal Corporation are the same persons holding the offices of Trustees of the Authority. Assumptions that were used by staff to prepare the 2026 Power Authority and Canal Corporation Budgets, and for forward periods, have been incorporated in the Budget and Financial Plan.

The 2026 Power Authority Budgets is intended to provide the Power Authority’s operating facilities with, and support organizations by providing, the resources needed to meet the Power Authority’s overall mission and the Power Authority’s strategic objectives. The 2026 Canal Corporation budgets are intended to fund the expenses of the Canal Corporation, which is authorized to operate, maintain, construct, improve, develop, finance, and promote the New York State Canal System and the overall Canal Corporations’ mission and objectives. Any transfers of funds from the Power Authority to the Canal Corporation would be subject to compliance with the Power Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented (the “Revenue Bond Resolution”). CDF expenses are expected to be reimbursed to the Authority by the State Comptroller with monies held in the New York State Canal System Development Fund.

The OSC implemented regulations in March 2006 addressing the preparation of annual budgets and four-year financial plans by “covered” public authorities, including the Authority. (See 2 NYCRR Part 203 (“Part 203”). These regulations, which are discussed below, establish various procedural and substantive requirements relating to the budgets and financial plans of public authorities. The Budget and Financial Plan has been prepared in accordance with these regulations.

DISCUSSION

For a detailed breakdown of the Summary table of Power Authority, SFP, and Canal Corporation Budgets above please reference the attached “Exhibit A”.

In approving the 2026 Power Authority Budgets, the Trustees will be authorizing spending for 2026 operations, capital projects, and general plant purchases.

In accordance with the Power Authority’s Expenditure Authorization Procedures, the President and Chief Executive Officer may, during the year, authorize up to 15 new positions, new capital projects of \$10.0 million or less, or an increase in spending of no more than \$10.0

million to a capital project previously approved by the Trustees. All other spending authorizations must be approved by the Trustees.

Budget and Financial Plan

Under Part 203 of the OSC Regulations, the Trustees are required to adopt a Budget and Financial Plan. The approved Budget and Financial Plan must be available for public inspection not less than seven days before the commencement of the next fiscal year for a period of not less than 45 days and in not less than five convenient public places throughout the State. The approved Budget and Financial Plan must also be submitted to OSC, via electronic filing through the Public Authorities Reporting Information System, within seven days of approval by the Trustees. The regulations also require the Authority to post the approved Budget and Budget Financial Plan on its website.

Under Part 203, each Budget and Financial Plan must be shown on both an accrual and cash basis and be prepared in accordance with generally accepted accounting principles; be based on reasonable assumptions and methods of estimation; be organized in a manner consistent with the public authority's programmatic and functional activities; include detailed estimates of projected operating revenues and sources of funding; contain detailed estimates of personal service expenses related to employees and outside contractors; list detailed estimates of non-personal service operating expenses and include estimates of projected debt service and capital project expenditures.

Other key elements that must be incorporated in each Budget and Financial Plan are a description of the budget process and the principal assumptions, as well as a self-assessment of risks to the budget and financial plan. Additionally, each Budget and Financial Plan must be certified by the Chief Operating Officer.

The first year of the Budget and Financial Plan is based on the 2026 Power Authority and Canal Corporation Budgets which are being brought to the Board for approval currently. The remaining three years are indicative forecasts.

FISCAL INFORMATION

Payment of O&M expenses will be made from the Operating Fund. The Canal Corporation's O&M (including the Canal Development Fund), and Capital expenses are expected to be funded by transfers of funds from the Power Authority. Any transfers of funds from the Power Authority for payment O&M expenses of the Canal Corporation would be subject to approval by the Power Authority's Board of Trustees and compliance with the Authority's Revenue Bond Resolution.

Canal Development Fund expenses are expected to be reimbursed to the Power Authority by the State Comptroller with monies held in the Canal Development Fund as discussed above.

Payment for Capital and Energy Services expenditures will be made from the Capital Fund and the Energy Conservation Construction and Effectuation Fund, respectively. Monies of up to \$849.5 million from the Operating Fund will be transferred to the Capital Fund for capital expenditures, subject to compliance with the Revenue Bond Resolution.

The 2026 Operating Budgets show adequate earnings levels so that the Power Authority may maintain its financial goals for cash flow and reserve requirements.

The first year of the Budget and Financial Plan is based on the 2026 Power Authority, SFP, and Canal Corporation Budgets are being brought to the Board for approval currently. The remaining three years are indicative forecasts. The Trustees are not being asked to approve any revenue and expenditures for the years 2027-2029 at this

RECOMMENDATION

The Executive Vice President and Chief Financial Officer requests that the New York Power Authority Trustees and New York State Canal Corporation Board of Directors approve New York Power Authority, Separately Financed Projects, and New York State Canal Corporation Filing of the 2026 Budget and 2026-2029 Financial Plan.

In connection with the 2026 Capital Budgets, the Executive Vice President and Chief Financial Officer recommend that the Trustees authorize the transfer of up to \$849.5 million from the Operating Fund to the Capital Fund, subject to compliance with the Revenue Bond Resolution.

The Executive Vice President and Chief Financial Officer further recommend the Trustees and Board of Directors to (1) approve the Budget and Financial Plan, and (2) authorize (i) submitting the Budget and Financial Plan to the OSC in the prescribed format, (ii) posting the Budget and Financial Plan on the Authority's website, and (iii) making the Budget and Financial Plan available for public inspection at not less than five convenient public locations throughout New York State.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, that the New York Power Authority Trustees and New York State Canal Corporation Board of Directors approve the 2026 Budgets, specifically including the expenditures for the (i) 2026 Power Authority Budgets, (ii) Separately Financed Projects Budget, and (iii) 2026 Canal Corporation Budgets, each as discussed in the attached memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, that the Board of Trustees authorize up to \$849.5 million of monies in the Operating Fund to be withdrawn from such Fund and deposited in the Capital Fund, provided that at the time of withdrawal of such amount or portions of such amount, the monies withdrawn are not then needed for any of the purposes specified in Sections 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations as amended and supplemented, with the satisfaction of such condition being evidenced by a certificate of the Treasurer or the Deputy Treasurer; and be it further

RESOLVED, that the New York Power Authority Trustees and New York State Canal Corporation Board of Directors, pursuant to 2 NYCRR Part 203, approve the Budget and Financial Plan, including the certification by the Chief Operating Officer, in accordance with the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Trustees and Board of Directors (on behalf of the Power Authority and the Canal Corporation) pursuant to 2 NYCRR Part 203, authorize the Corporate Secretary to submit the Budget and Financial Plan to the Office of the State Comptroller in the prescribed format, post it on the Power Authority's website and make it available for public inspection at not less than five convenient public places throughout New York State.

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

2026-2029

Approved 2026 Budget and 2026 – 2029 Financial Plan Exhibit A

In Compliance with 2 NYCRR Chapter 5, Part 203



**NY Power
Authority**

**Canal
Corporation**

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MISSION OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

The mission of the Power Authority of the State of New York ("NYPA") is to "Lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity". The Mission Statement adheres to maintaining the Authority's core operating businesses while also moving to support the energy goals of New York State, codified primarily in the Clean Energy Standard ("CES"), the New York State Climate Leadership and Community Protection Act ("CLCPA"), the Accelerated Renewable Energy Growth and Community Benefit Act, and the Power Authority Act, Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the "Power Authority Act" or the "Act"), including amendments made in 2019 and in the 2023-24 Enacted State Budget. The Authority's financial performance goal is to maintain a strong financial position in order to have the resources necessary to achieve its mission.

The mission of the New York State Canal Corporation ("the Canal Corporation") is to "Operate and maintain a premier waterway and trail system that honors the historic legacy of the Erie Canal and offers unique recreational and tourism opportunities, while also promoting sustainable economic development throughout the canal corridor."

The mission of the New York Renewable Energy Development Holding Company ("NYREDHC"), a subsidiary of NYPA, is to "Lead the clean energy transition by developing, financing, and owning renewable energy assets in the State of New York in a smart and collaborative way, alone and with partners, to support New York's decarbonization goals and ensure all New Yorkers benefit from the green economy."

BACKGROUND OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

NYPA is a corporate municipal instrumentality and political subdivision of the State of New York (the "State") created in 1931 by the Act. NYPA has three subsidiaries: The Canal Corporation, NYPA Captive Insurance Company ("Captive") and NYREDHC. NYPA, the Canal Corporation, Captive, and NYREDHC are collectively referred to as

the “Authority” throughout this document. When noted, the financial information for NYREDHC is stated separately. NYPA owns and/or operates five major generating facilities, seven small natural gas power plants (“SNGPPs”), including four dual units, and four small hydroelectric facilities with a total installed capacity of approximately 6,000 megawatts (“MW”), and approximately 1,550 circuit-miles of transmission lines, including major 765 kilovolt (“kV”) and 345 kV transmission facilities. NYPA also owns and operates one utility-scale 20 MW battery energy storage system.

The Authority’s five major generating facilities consist of two large hydroelectric facilities (Niagara and St. Lawrence-Franklin D. Roosevelt), a large pumped-storage hydroelectric facility (Blenheim-Gilboa), the Eugene W. Zeltmann (“Zeltmann”) combined cycle electric generating plant in Queens, New York and the Richard M. Flynn combined cycle plant in Holtsville, in Long Island, New York.

NYPA’s customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, public corporations within the metropolitan area of the City of New York (the “City”), including the City, and entities in certain neighboring states.

Effective January 1, 2017, the Canal Corporation became a subsidiary of NYPA. The Canal Corporation is responsible for a 524-mile system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the “Canal System”). NYPA’s Board of Trustees is the governing board of the Canal Corporation, and NYPA has assumed certain powers and duties relating to the Canal System to be exercised through the Canal Corporation.

In May 2023, NYPA established Captive as a wholly owned subsidiary of NYPA to reduce NYPA and its subsidiaries’ need for commercial insurance and to enable NYPA to manage its overall risk more effectively and economically.

The 2023-2024 Enacted State Budget amended the Power Authority Act to, among other things, expand NYPA’s authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generation projects (“Expanded Authority”). NYPA was authorized to exercise and perform its Expanded Authority through one or more wholly owned subsidiaries. On November 21, 2024, NYPA incorporated NYREDHC under the State Business Corporation Law as a wholly owned subsidiary.

On June 23, 2025, New York Gov. Kathy Hochul requested that NYPA consider developing an advanced nuclear facility with at least one gigawatt (“GW”) of nameplate capacity. NYPA, in coordination with the state Department of Public Service (“DPS”), will seek to develop

at one or more nuclear energy facilities with a combined capacity of no less than one GW of electricity, either alone or in partnership with private entities, to support the State’s electric grid and the people and businesses that rely on it. NYPA has no material contractual obligations relating to this announcement. Any material resources allocated or obligations undertaken relating to this announcement will be subject to the approval of NYPA’s Board of Trustees (the “Authority’s Trustees”) as deemed feasible and advisable.

VISION2030 RENEWED:

10-YEAR STRATEGIC OUTLOOK

VISION2030, NYPA and the Canal Corporation’s 10-year strategic outlook and plan, was issued in 2020 to drive the vision of a thriving, resilient New York State powered by clean energy.

[VISION2030 Renewed](#) is NYPA and the Canal Corporation’s refreshed roadmap, outlining our multipronged commitment to driving New York State’s clean energy future and was approved by the Board of Trustees in March 2025. Since the inception of the original VISION2030 strategic plan, the energy landscape has evolved, demanding that we remain agile, proactive and visionary in our approach. Built on NYPA’s strengths while leveraging our Expanded Authority, VISION2030 Renewed reinforces NYPA’s commitment to supporting grid reliability and the clean energy goals of our customers and the state while driving economic investment and the revitalization of the Canal Corporation.

The plan has four strategic priorities and five foundational pillars. The priorities are: Drive the clean energy transformation through emissions-free generation; Be the leading transmission developer, owner, and operator for New York State; Enable customers to achieve their decarbonization goals; and Revitalize the New York State Canal System. The pillars are: Uplift our people and live our values; Support the diverse needs of the communities in which we operate and impact; Build an innovation ecosystem that accelerates customer and grid decarbonization; Integrate sustainability into how we operate to drive value; and Strengthen our resilience for long-term viability.

Leaning into our successes over the last five years, our updated plan streamlines our strategic priorities for impact, while strengthening our foundational pillars to meet future demands.

EXPANDED AUTHORITY AND CLEAN ENERGY PROMISE

The Power Authority Act was amended in 2023 to, among other things, expand NYPA’s authority to plan, design, develop, finance, construct, own, operate, maintain and improve renewable energy generation projects (“Expanded Authority”) in support of the State’s renewable energy goals established in the CLCPA. NYPA was authorized to

exercise and perform its Expanded Authority through one or more wholly owned subsidiaries.

NYPA expects that the activities of NYREDHC, as a separate legal entity from NYPA, will be conducted in a manner such that NYPA is not expected to be responsible for financial or other obligations. NYPA and NYREDHC executed a Shared Services Agreement on May 1, 2025 that provides for certain services to be distributed by NYPA to NYREDHC, with NYREDHC reimbursing NYPA for costs of supplying services.

Expanded Authority allows NYPA to pursue renewable generation projects like solar, wind, geothermal, battery storage and/or any technology identified in the Clean Energy Standard either on its own or with third parties, and created a mechanism to develop clean energy workforce training programs and a bill credit program for low- and medium-income residential electricity ratepayers that will be funded by some of the proceeds earned from new renewable generation projects and other sources, including charitable donations from renewable project developers.

On January 28, 2025, NYPA's Board of Trustees and NYREDHC's Board of Directors approved the inaugural NYPA Renewables Strategic Plan, which included 37 projects across the state totaling to more than 3 GW of potential capacity. The Authority has continued to conduct due diligence on projects and on July 29, 2025 posted a draft update to the Strategic Plan for public comment through September 12, 2025. The Authority is reviewing comments and feedback and plans to have the updated Strategic Plan approved in December 2025 by the Authority and NYREDHC trustees.

Further, in September, Authority and NYREDHC trustees approved an intercompany loan facility for up to \$100 million to fund ongoing investments by NYREDHC in renewable energy projects. NYREDHC trustees in September also approved Somers Solar, LLC to execute an Engineering, Procurement and Construction contract, along with other related project contracts, for up to \$50 million, a portion of which will be funded by the intercompany loan facility.

The 2023 - 2024 Enacted State Budget also amended the Act to (a) authorize the Authority to develop and implement, with the New York Public Service Commission (the "NYPSC"), the Renewable Energy Access and Community Help or "REACH" Program, that will enable low- and moderate-income end-use electricity consumers in disadvantaged communities to receive bill credits derived from a portion of the revenues generated from new renewable energy generation projects developed or contracted for by the Authority to support the REACH Program; (b) direct the Authority to prepare a plan for ceasing electricity production at its SNGPPs by December 31, 2030, and to cease electricity production by such date if certain conditions are satisfied; and (c) authorize the

Authority to make available up to \$25 million annually to the New York State Department of Labor ("DOL") to fund programs established or implemented by or within the DOL, including, but not limited to, the Office of Just Energy Transition and programs for workforce training and retraining to prepare workers for employment for work in the renewable energy field.

The enactment also sunset, as of August 1, 2023, the residential component of a residential/agricultural grower consumer electricity discount program created in 2012 in connection with the ReCharge NY Power Program ("RNYPP"), which was valued at \$25 million annually. Based on the above legislative changes, there will be no material financial impact to the Authority from its contribution to the workforce training program. Changes made by these amendments do not affect the Authority's previously existing statutory authority.

This Four-Year Plan budgets for an additional \$10 million annually dedicated to nuclear related workforce training.

BUILDSMART 2025

BuildSmart 2025 is New York State's program for aggressively pursuing energy efficiency savings in New York State-owned and occupied buildings of 11 trillion British thermal units ("BTu") by December 31, 2025, while advancing economic growth, environmental protection, and energy security in New York State. BuildSmart 2025 expands and continues the requirements of BuildSmart NY to assist State entities in meeting statutory requirements established by the CLCPA and Executive Order 22, that "all state agencies shall assess and implement strategies to reduce their greenhouse gas emissions". The Authority manages the BuildSmart 2025 program and monitors New York State agency performance. Since the baseline of state fiscal year 2014 - 2015, the program has achieved 10.32 BTu towards the 11 BTu goal. This progress puts New York State on track to meet the 11 BTu goal by the end of the year 2025.

Article 4-D of the Public Buildings Law, added by Part RR of Chapter 56 of the Laws of 2023, authorizes the Authority to establish decarbonization action plans for fifteen state-owned facilities that are among the highest producers of greenhouse gas ("GHG") emissions and collectively account for at least 30% of the GHG emissions as recorded by the Authority's BuildSmart NY program. The plans are intended to serve as a basis for development of construction plans to decarbonize the State-owned facilities. The Authority is authorized to allocate up to \$30 million to prepare the decarbonization action plans. The above actions, as described in the enactment, are executable as deemed advisable and feasible by the Authority's trustees.

SUSTAINABILITY

VISION2030 Renewed lays out new objectives for sustainability, directing the organization to integrate

sustainability into how we operate. The Authority is producing a new 2026-2030 Sustainability Plan which will be driven by the four commitments laid out in VISION2030 Renewed to make sustainability the way the organization

does business. Sustainability is also guided by Executive Order 22, which directs state agencies to adopt a sustainability and decarbonization program.



DOCUMENTATION AND EXHIBITS SUPPORTING THE BUDGET AND FINANCIAL PLAN

a. THE AUTHORITY'S RELATIONSHIP WITH NEW YORK STATE GOVERNMENT

NYPA is a corporate municipal instrumentality and political subdivision of the State created in 1931 by the Power Authority Act to help provide a continuous and adequate supply of dependable electric power and energy to the people of the State.

NYPA's operations are overseen by NYPA's Board of Trustees. The Trustees are appointed by the governor of the State with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation whose generation and transmission operations are generally not supported by state tax revenues. When eligible, the Authority is the recipient of federal and state monies that are used to offset non-utility activities in alignment with public policy. This funding includes Federal Emergency Management Agency ("FEMA") disaster and hazard mitigation grants, federal infrastructure grants, and

other state funding in support of New York State's clean energy vision and the Canal Corporation. NYPA generally finances construction of new projects through internally generated funds and the sale of bonds and notes to investors, and it pays related debt service costs with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation.

b. BUDGET PROCESS

NYPA operates in a capital-intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are subject to electric market price and fuel cost variability, and volatility in water flows which directly affect the Authority's hydroelectric generation levels. This Approved 2026 Budget and 2026 - 2029 Financial Plan ("Four-Year Financial Plan") relies on

data and projections developed throughout the following time frame:

- July – October 2025: Developed preliminary forecasts of electric prices (energy and capacity); ancillary services revenue and expenses; fuel expenses; customer power and energy use; customer rates; corporate operating expenses; Annual Transmission Revenue Requirement (“ATRR”); generation levels at NYPA power projects reflecting scheduled outages; and purchased power and energy requirements
- October 31, 2025: Proposed 2026 Budget and 2026 – 2029 Financial Plan was posted for public inspection at five convenient locations and on NYPA’s website
- November 2025 – December 2025: Incorporated new financial data to produce the final 2026 Budget and 2026 - 2029 Financial Plan
- Seek authorization of NYPA’s Board of Trustees to approve the final 2026 Budget and 2026 – 2029 Financial Plan at its meeting scheduled for December 9, 2025
- Submit the Approved 2026 Budget and 2026 – 2029 Financial Plan to the State Comptroller’s Office; and make the approved document available for public inspection at five convenient locations and on NYPA’s website upon Board of Trustees approval.



Four-Year Projected Income Statement^{1,2}
(In \$ Millions)

	2026	2027	2028	2029
Operating Revenues				
Generation Revenue	\$1,003.4	\$1,037.1	\$1,067.5	\$1,051.4
Ancillary Service Revenue	55.2	46.9	47.0	47.1
Transmission and Other	364.0	319.9	342.6	395.0
Separately Financed Projects Net Income	130.9	169.7	162.1	141.8
Non-Utility Revenue	56.1	59.2	63.1	63.3
Pass-Through Revenue	<u>2,052.7</u>	<u>2,055.5</u>	<u>2,138.2</u>	<u>2,449.4</u>
Operating Revenues Total	3,662.3	3,688.3	3,820.5	4,148.0
Operating Expenses				
Purchased Power	(15.4)	(14.9)	(14.3)	(16.0)
Fuel Consumed	(48.4)	(45.0)	(44.9)	(43.8)
Transportation and Delivery	(97.6)	(99.1)	(100.7)	(102.5)
Pass-Through Expense	(2,052.7)	(2,055.5)	(2,138.2)	(2,449.4)
Operations and Maintenance	(782.4)	(793.2)	(810.4)	(837.3)
Other Expenses	(132.8)	(118.3)	(115.1)	(104.8)
Allocation to Capital	<u>47.9</u>	<u>47.9</u>	<u>49.2</u>	<u>43.2</u>
Operating Expenses Total	(3,081.4)	(3,078.1)	(3,174.4)	(3,510.6)
Non-Operating Income and Expenses				
Depreciation and Amortization	(372.3)	(398.2)	(411.4)	(406.7)
Investment and Other Income	80.5	86.9	96.8	105.9
Canals Grant Proceeds	15.0	36.0	45.0	0.0
Mark to Market Adjustments	0.0	0.0	0.0	0.0
Interest and Other Expenses	<u>(28.2)</u>	<u>(31.0)</u>	<u>(55.4)</u>	<u>(52.4)</u>
Non-Operating Income and Expenses Total	(305.0)	(306.3)	(325.0)	(353.2)
NYPA/CANALS/SFP/CAPTIVE NET INCOME	\$275.9	\$303.9	\$321.1	\$284.2
NYPA/CANALS/SFP/CAPTIVE EBIDA²	\$661.4	\$697.1	\$742.9	\$743.3
NYREDHC NET INCOME	(\$2.7)	(\$12.8)	\$17.9	\$19.7

¹Values in certain categories have been rounded.

²NYPA/CANALS/SFP/CAPTIVE EBIDA excludes Canals Grant Proceeds.

Gross Margin Analysis¹
(In \$ Millions)

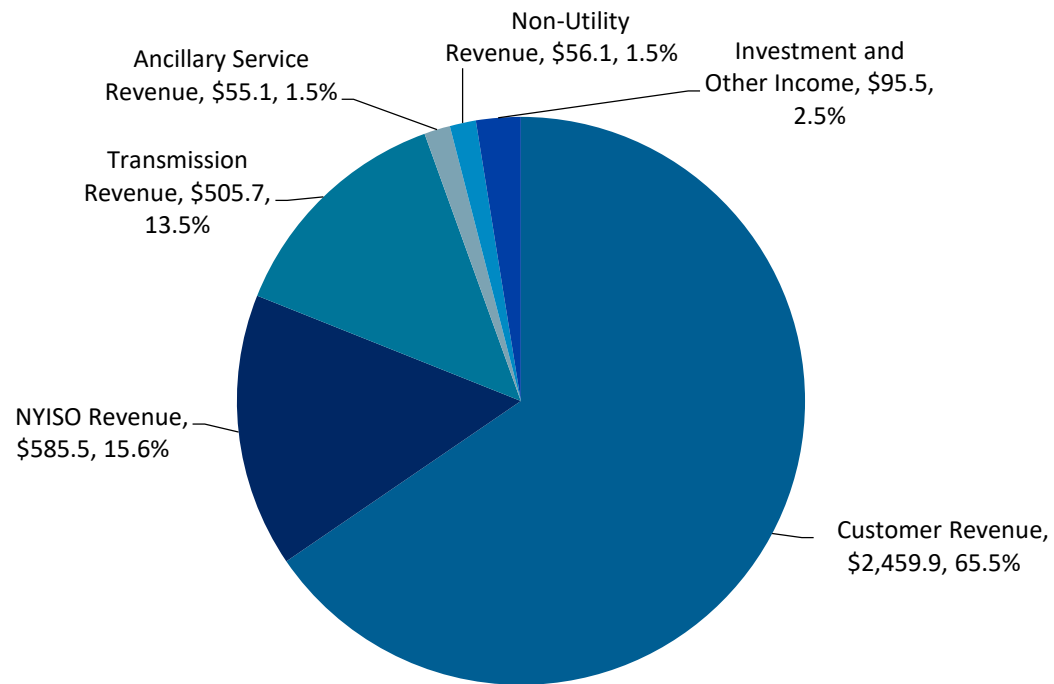
	2026	2027	2028	2029
Generation Margin	\$916.2	\$944.5	\$973.1	\$952.9
Transmission Margin	475.5	469.7	485.8	519.7
Other Margin	137.0	146.5	160.2	169.6
TOTAL MARGIN	1,528.7	1,560.7	1,619.1	1,642.2
Other Operating Expenses	(867.3)	(863.6)	(876.2)	(898.9)
NYPA/CANALS/SFP/CAPTIVE EBIDA²	\$661.4	\$697.1	\$742.9	\$743.3
NYREDHC EBIDA	(\$0.8)	(\$0.4)	\$52.5	\$77.9

¹Values in certain categories have been rounded.

²NYPA/CANALS/SFP/CAPTIVE EBIDA excludes Canals Grant Proceeds.



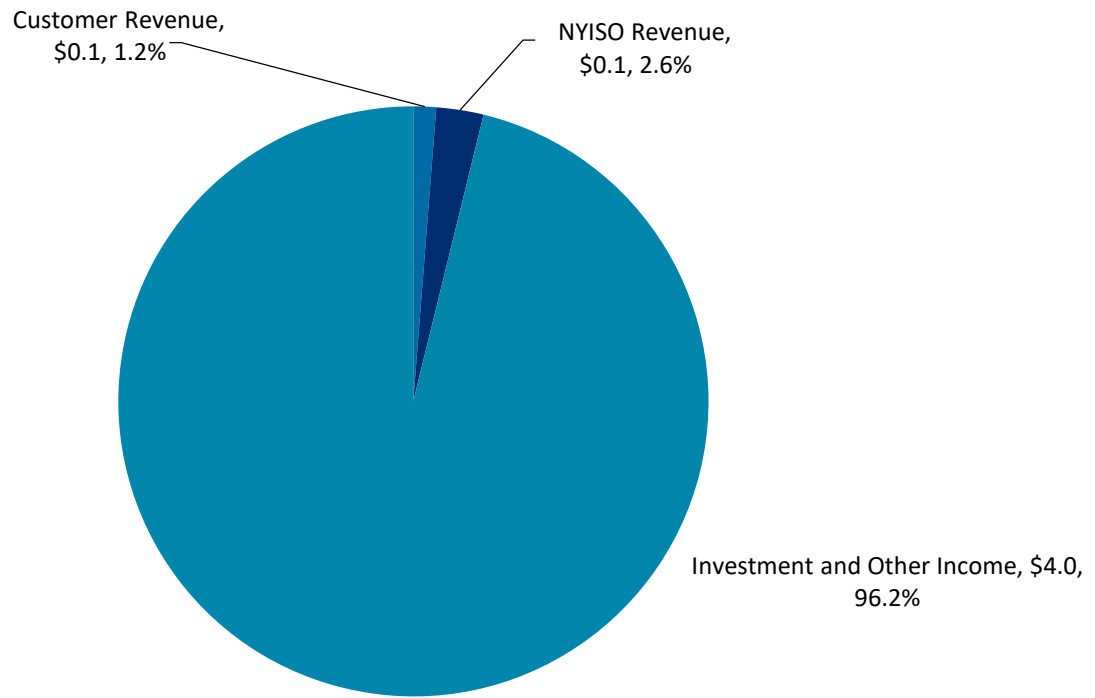
2026 Budget – NYPA/CANALS/SFP/CAPTIVE Sources^{1,2}
(In \$ Millions)



¹Values in certain categories have been rounded.

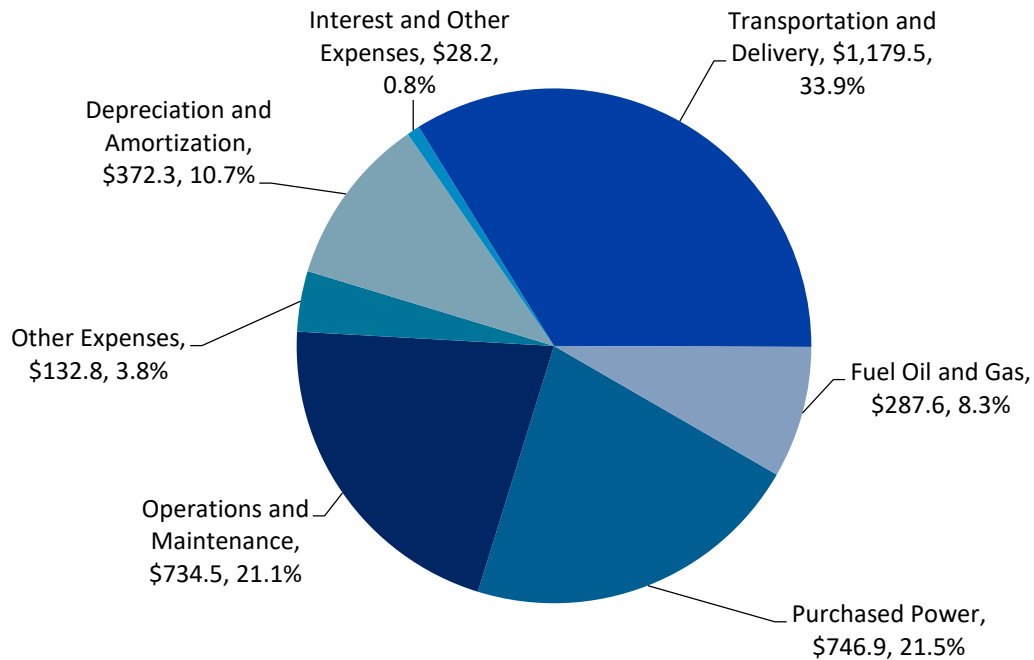
²Transmission Revenue includes SFP Net Income and Investment and Other Income includes Captive Net Income.

2026 Budget – NYREDHC Sources¹
(In \$ Millions)



¹Values in certain categories have been rounded.

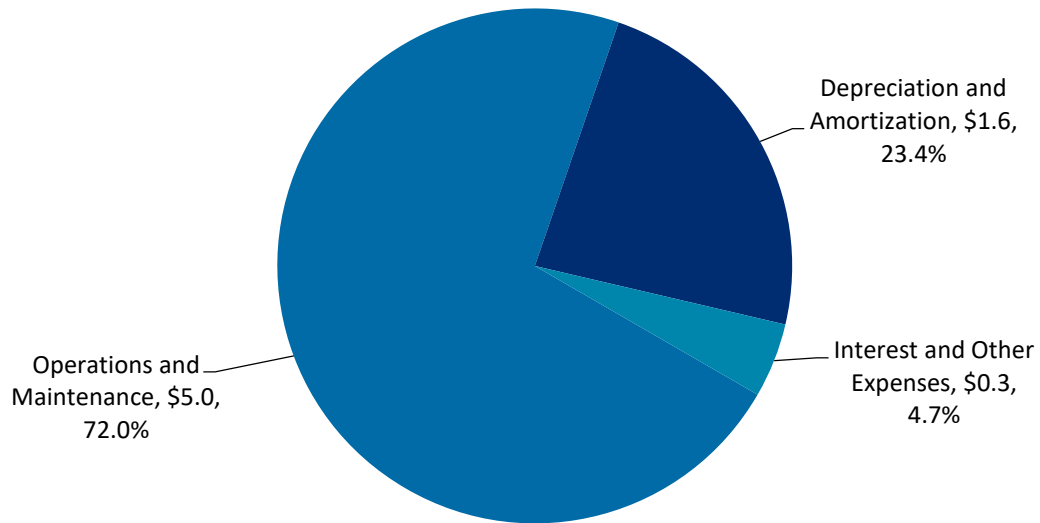
2026 Budget – NYPA/CANALS/SFP/CAPTIVE Uses^{1,2}
(In \$ Millions)



¹Reflects the Authority's base Operations and Maintenance expenses plus Administrative and General expenses less the Allocation to Capital. Above Operations and Maintenance excludes SFP Operations and Maintenance expenses.

²Values represented are inclusive of certain pass-through expense items.

2026 Budget – NYREDHC Uses¹
(In \$ Millions)



¹Values in certain categories have been rounded.

Statement of Cash Flows^{1,2,3}
(In \$ Millions)

	2024	2025	2026	2027	2028	2029
Revenue Receipts						
Sale of Power, Use of Transmission Lines, Transportation and Delivery Charges and Other Receipts	\$3,227.0	\$4,005.5	\$3,839.7	\$3,882.3	\$4,020.4	\$4,350.9
Earnings on Investments and Time Deposits	<u>99.0</u>	<u>82.4</u>	<u>88.2</u>	<u>115.3</u>	<u>134.3</u>	<u>98.5</u>
Total Revenues	3,326.0	4,087.9	3,927.9	3,997.6	4,154.7	4,449.4
Expenses						
Operations and Maintenance, including Transmission of Electricity by Others, Purchased Power and Fuel Purchases	(2,815.0)	(3,394.1)	(3,196.0)	(3,212.9)	(3,327.0)	(3,668.3)
Debt Service						
Interest on Bonds and Notes	(307.0)	(56.1)	(109.1)	(109.0)	(151.4)	(148.6)
Bonds and Notes Retired	<u>(132.0)</u>	<u>(20.4)</u>	<u>(33.8)</u>	<u>(57.1)</u>	<u>(56.5)</u>	<u>(41.2)</u>
Total Debt Service	(439.0)	(76.5)	(142.9)	(166.1)	(208.0)	(189.7)
Total Requirements	(3,254.0)	(3,470.6)	(3,338.9)	(3,379.0)	(3,535.0)	(3,858.1)
Net Operations	72.0	617.3	589.0	618.6	619.7	591.4
Capital Receipts						
Sale of Bonds, Promissory Notes and Commercial Paper	518.0	0.0	0.0	850.0	0.0	250.0
Temporary Asset Transfer Return from New York State	0.0	0.0	0.0	0.0	0.0	0.0
Other	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Capital Receipts	518.0	0.0	0.0	850.0	0.0	250.0
Capital Additions and Refunds						
Additions to Electric Plant in Service and Construction Work in Progress and Other Costs	(660.0)	(956.7)	(849.5)	(823.0)	(779.3)	(900.0)
Construction Funds - Net Transfer	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Capital Additions and Refunds	(660.0)	(956.7)	(849.5)	(823.0)	(779.3)	(900.0)
Net Capital	(142.0)	(956.7)	(849.5)	27.0	(779.3)	(650.0)
NYPA/CANALS/SFP/CAPTIVE Net Increase/(Decrease)	(\$70.0)	(\$339.4)	(\$260.5)	\$645.6	(\$159.6)	(\$58.6)
NYREDHC Net Increase/(Decrease)³	\$0	(\$57.5)	(\$35.6)	(\$36.8)	\$0.2	\$303.5

¹This Statement of Cash Flows follows the format prescribed by §2801 of New York State Public Authorities Law and does not follow Governmental Accounting Standards Board ("GASB") financial statement standards.

²Values in certain categories have been rounded.

³Reflects NYREDHC standalone net sources and uses, including non-recourse debt financings, NYS Sustainability Funds, federal Investment Tax Credits, and NYPA equity contributions and intercompany loans.

c. BUDGET ASSUMPTIONS

NYISO REVENUE AND EXPENSES

Based on scheduled customer power needs and available electricity generated by the Authority's operating assets, the Authority buys and sells capacity and energy through markets operated by the New York Independent System Operator ("NYISO"). Various NYISO-purchased power charges, in combination with generation-related fuel expenses, comprise a large portion of the Authority's operating expenses. A significant amount of the Authority's revenues result from sales of its generation into the NYISO market. The energy and capacity revenues are projected based on published forward prices, exchanges, broker information and/or internal pricing models.

CUSTOMER AND PROJECT REVENUE

The customers served by the Authority and the rates paid by such customers vary by the customer or customer service class and the source of the power and energy used to serve the customer. The Authority's power supply customers are served under contracts and tariffs approved by the Board of Trustees. The Authority serves approximately 1,150 customers.

CLEAN ENERGY STANDARD

In 2016, the NYPSC issued an order establishing a Clean Energy Standard to implement the clean energy goals of the State Energy Plan. Pursuant to the CES, load serving entities identified in the order are required to purchase Zero Emission Credits ("ZEC(s)") from the New York State Energy Research Development Authority ("NYSERDA") to support the preservation of existing at-risk zero-emissions nuclear generation. The Authority is not subject to NYPSC jurisdiction for purposes of the CES but has assumed an obligation to purchase ZECs consistent with the terms of the CES and intends to seek recovery of such costs from the Authority's customers.

In January 2017, the Authority's trustees authorized (a) participation in the NYPSC's ZEC program and (b) execution of an agreement with NYSERDA to purchase ZECs associated with the Authority's applicable share of energy sales. The Authority and NYSERDA executed an agreement covering a two-year period from April 1, 2017 to March 31, 2019, under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York Control Area ("NYCA"). The Authority and NYSERDA executed an additional agreement covering a nine-year period from April 1, 2020 to April 1, 2029, under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York Control Area, subject to certain adjustments.

As of August 2025, the Authority estimates it will incur costs associated with participation in the ZEC program of \$223 million in aggregate over the 2026 - 2029 period, of which approximately \$1 million is not expected to be recovered under customer contracts that predate the

adoption of the CES. As of August 31, 2025, the Authority has paid \$509 million in ZEC purchase costs, and as of December 31, 2024, it paid \$473 million.

The Authority is collaborating with its customers to achieve the renewable energy goals in the ways that best meet their needs. The Authority is exploring opportunities to further support its customers in achieving these renewable energy goals under its Expanded Authority.

ST. LAWRENCE-FDR AND NIAGARA POWER PROJECT CUSTOMERS

Energy from the St. Lawrence-FDR and Niagara projects ("the Projects") is sold under contract to municipal electric systems, rural electric cooperatives, commercial and industrial and other business customers, nonprofit corporations, including educational institutions, investor-owned utilities, and out-of-state customers. The remaining available energy is sold into the NYISO market.

The Authority's Preference Power rates for firm power, firm peaking power, and associated energy sold by the Authority, as applicable to the 51 municipal electric systems and rural electric cooperatives in New York State, two public transportation agencies, three investor-owned utilities for the benefit of rural and domestic customers, seven out-of-state public customers, seven host community customers and the Tuscarora Nation are sold at cost in accordance with the statutory standard that the Projects power and energy are priced at the "lowest rates reasonably possible."

The last Preference Power rate modification with three successive rate increases occurring in 2012, 2013 and 2014 was approved by the Board of Trustees in November 2011. The 2014 rates have remained unchanged.

Based on analyses by the Authority that its Preference Power rates were not recovering the Authority's costs, the Authority proposed a rate adjustment in December 2024 but withdrew it in February in response to affordability concerns raised by Governor Kathy Hochul and several customer groups. Shortly after withdrawing the proposal, the Power Authority's customer groups requested that NYPA resume discussions on the rate adjustment. Subsequently, NYPA worked closely with its customers to develop a plan that would both help to mitigate the annual impact of needed rate adjustments on customer bills and create rate certainty over an extended time frame. Those efforts resulted in a proposal that would implement more moderate increases over a longer timeline while still enabling NYPA to maintain its commitments to preserve the long-term ability of the Projects to produce clean hydropower for several decades to come.

On September 23, 2025, the Board of Trustees approved the filing of a Notice of Proposed Rule Making with the New York State Department of State for publication in the New York State Register in accordance with the requirements of the State Administrative Procedure Act

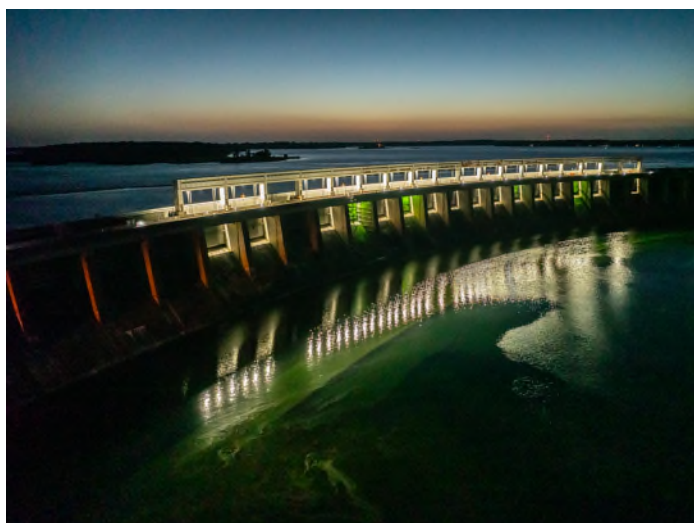
("SAPA"), to increase the rates for Preference Power supplied from the Projects. After the 60-day comment period required under the SAPA, Authority staff will address any filed comments, including any comments raised at the public forums, and return to the Board of Trustees at their December 2025 meeting to seek final adoption of Preference Power rates, effective April 1, 2026. This Four-Year Financial Plan models the 2014 Board of Trustees approved rate change currently in effect.

Niagara and St. Lawrence-FDR's Expansion and Replacement Power ("Western New York"), ReCharge NY, and Preservation Power customers are allocated more than 35% of the average generation capacity of the Projects. The rates charged for firm power sold to these customers have been established based on contractual terms and are subject to an annual adjustment factor reflecting movements in economic indices.

Sale of Expansion and Replacement Power historically had been handled on a sale-for-resale basis through National Grid and New York State Electric and Gas. The direct sale of low-cost hydropower to these customers commenced July 1, 2013. As a result, the Authority is now the load-serving entity for these transactions.

Legislation enacted in March 2011, effective July 2012, created a new economic development power program, the RNYPP, to replace two economic development programs, Power for Jobs and Energy Cost Savings Benefit. RNYPP is a permanent power program administered by the Authority and the Economic Development Power Allocation Board.

RNYPP utilizes up to 455 MW of hydropower from the Authority's Niagara and St. Lawrence-FDR projects combined with up to 455 MW of market power procured by the Authority from other sources. The 910 MW of power is available for allocations to eligible new and existing businesses and nonprofit corporations under contracts of up to seven years.



Recent amendments to the Power Authority Act repealed a residential discount program created when the RNYPP was enacted, and authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to provide annual funding in an amount of up to \$5 million to continue for a Residential Consumer Discount Program ("RCDP") to support those customers that had previously received an agricultural consumer electricity cost discount program for this hydropower. Revenues earned from the sale of unused RNYPP power into the wholesale market may be used to offset the cost of these residential discounts or revenues from the sale of hydroelectric power will be utilized to fund monthly payments to benefit electricity consumers that once benefited from authority hydroelectric power that was withdrawn pursuant to RNYPP legislation.

In March 2019, the Board of Trustees approved a seven-year extension of an agreement for the sale of firm hydroelectric power and energy from the St. Lawrence-FDR Power Project to the Aluminum Company of America ("Alcoa") at its West Plant facilities. The existing contract with Alcoa was executed effective April 1, 2019, through March 31, 2026, replacing prior long-term contracts. The contract extension provides for monthly base energy rate adjustments, based off the price of aluminum on the London Metal Exchange and the Midwest U.S. Premium price published by Platts, and contains provisions for employment (450 jobs) and capital commitments (\$14 million).

The contract provides for: an allocation of 240 MW, with an additional 5 MW being allocated to Arconic, a business independent of Alcoa, sold under a separate Preservation Power sale agreement; a monthly CES charge relating to ZECs and RECs, which are attributable to Alcoa's load. The contract specifies a sharing mechanism for the CES charges between Alcoa, New York State and the Authority, whereby Alcoa's share increases as the aluminum price increases. The Authority has entered into aluminum contracts to mitigate potential downside risk in that market and intends to continue to do so based upon prevailing economic conditions as appropriate.

In July 2025, the Board of Trustees approved an extension of Alcoa's 240 MW Preservation Power allocation. In addition, the Authority was authorized to schedule and hold a public hearing on the contract. On September 23, 2025, the Board of Trustees approved the final contract and the contract was transmitted to the governor and approved in October 2025.

The term of the new agreement will be ten years from April 1, 2026 to March 31, 2036. Additionally, there will be two potential five-year extensions if Alcoa meets certain capital investment thresholds. The new agreement contains provisions for employment (increasing from 450 to 500 jobs) and capital investments (\$30 million minimum). If Alcoa invests \$70 million from 2025 to 2035, it will have the option to extend the contract for an additional five years. If Alcoa invests at least \$130 million from 2025 to

2040, then it will be provided with the option of extending the contract for the second five-year term. If the contract is extended for the full 20-year term, the total capital investment commitment would be \$145 million.

There are other notable provisions in the new agreement. The base energy rate charged to Alcoa will be based on the price of aluminum on the London Metal Exchange, utilizing a linear formula. The Midwest U.S. Premium price will no longer be used in the base energy rate calculation. Additionally, there will not be a ceiling on the base energy rate charged to Alcoa, allowing for unlimited revenue sharing. Further, Alcoa will be responsible for all CES related charges associated with its allocation.

The Authority estimates that the total costs associated with the relicensing of the St. Lawrence-FDR Power Project in 2003 for a period of 50 years will be approximately \$234 million, of which approximately \$223 million has already been disbursed. NYPA, as a result of a settlement term with the local communities, has entered into an additional settlement addressing unanticipated issues at the time of the original agreement. This review occurs every 10 years. The first review added approximately \$45.1 million to settlement, of which \$42.2 million has been disbursed, the second review was approved by the Board of Trustees in March 2025 and added an additional \$20 million. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of St. Lawrence-FDR power.

The Authority relicensed the Niagara Power Project in 2007 for a period of 50 years. The total approximate cost will be \$495 million, of which approximately \$480 million was disbursed as of June 30, 2025. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of Niagara power.

Total costs could increase due to prescriptive measures required through reserved authority of the Federal Energy Regulatory Commission ("FERC") and other federal agencies in the license for the St. Lawrence-FDR Project and Niagara Power Project.

Chapter 545 of the Laws of 2014 enacted the Northern New York Power Proceeds Act ("NNYPPA"). NNYPPA authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to deposit net earnings from the sale of unallocated St. Lawrence County Economic Development Power ("SLCEDP") by the Authority in the wholesale energy market into an account known as the Northern New York Economic Development Fund ("NNYED Fund") administered by the Authority. The funds are awarded to eligible applicants that propose projects that satisfy applicable criteria. NNYPPA established a five-member allocation board appointed by the governor to review applications seeking NNYED Fund benefits and to make recommendations to the Authority concerning benefits awards.

SLCEDP consists of up to 20 MW of hydropower from the St. Lawrence-FDR Power Project which the Authority has made available for sale to the Town of Massena Electric Department ("MED") for MED to sub-allocate for economic development purposes in accordance with a contract between the parties entered in 2012 (the "Authority-MED Contract").

NNYPPA defines "net earnings" as the aggregate excess of revenues received by the Authority from the sale of energy associated with SLCEDP sold by the Authority in the wholesale energy market over what revenues would have been received had such energy been sold to MED on a firm basis under the terms of the Authority-MED Contract. For the first five years after enactment, the amount of SLCEDP the Authority could use to generate net earnings could not exceed the lesser of 20 MW or the amount of SLCEDP that has not been allocated by the Authority pursuant to the Authority-MED contract. Thereafter, the amount of SLCEDP that the Authority could use for such purpose may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated. The Authority's estimates of payments from the Authority to the NNYED Fund have been incorporated into this Approved 2026 Budget and 2026 - 2029 Financial Plan.

The Western New York Power Proceeds Act ("WNYPPA"), which was enacted on March 30, 2012, authorizes the Authority to deposit net earnings from the sale of unallocated or allocated but unused Expansion Power and Replacement Power from the Authority's Niagara project into the Western New York Economic Development Fund ("WNYED Fund") as deemed feasible and advisable by the Board of Trustees.

WNYPPA defines "net earnings" as any excess revenue earned from such power sold into the wholesale market over the revenue that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the WNYED Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara project that qualify under the applicable criteria. WNYPPA established a five-member allocation board appointed by the governor. The Authority's estimates of payments from the Authority to the WNYED Fund have been incorporated into this Approved 2026 Budget and 2026 - 2029 Financial Plan.

LEWISTON PUMP-GENERATING PLANT LIFE EXTENSION AND MODERNIZATION PROGRAM

NYPA's trustees approved a \$460 million Life Extension and Modernization Program at the Niagara Power Project's Lewiston Pump-Generating Plant, ("Lewiston LEM Program"). As of June 30, 2025, the Authority has spent approximately \$401 million, which is the same amount spent as of December 31, 2024. The work includes a major overhaul of the plant's 12 pump turbine

generator units. The Lewiston LEM Program will increase pump and turbine efficiency, operating efficiency, and the peaking capacity of the Niagara project. The Lewiston LEM Program is financed with internal funds and proceeds from debt obligations issued by the Authority. The unit work began in late 2012 and is ongoing, with the final unit expected to be completed in 2028.

NEXT GENERATION NIAGARA

The Next Generation Niagara program replaces, overhauls, and/or upgrades 13 generating units and their associated auxiliary power generating equipment. Improvements will include replacing aging equipment with the latest machinery that reflects advanced digital technologies for optimizing the hydroelectric project's performance. The program is comprised of four main projects: Controls Upgrade, Mechanical/Electrical Overhauls, Penstock Platform, and 630-ton Gantry Crane Replacement. As of June 30, 2025, the Authority has spent approximately \$209 million.

SOUTHEASTERN NEW YORK ("SENY") CUSTOMERS

Various municipalities, school districts and public agencies in New York City are served by the Authority's Eugene W. Zeltmann Power Project, the contracted output of the Astoria Energy II plant ("AEII"), and capacity and energy purchased by the Authority in the NYISO markets.

In 2017 and 2018, the Authority executed new supplemental long-term electricity supply agreements ("Supplemental LTAs") with its 11 New York City ("NYC") Governmental Customers, the largest of these customers include: Metropolitan Transportation Authority, the City of New York, the Port Authority of New York and New Jersey ("Port Authority"), the New York City Housing Authority, and the New York State Office of General Services. Under these Supplemental LTAs, the NYC Governmental Customers agreed to purchase their electricity from the Authority through December 31, 2027, with the NYC Governmental Customers having the right to terminate at any time upon at least 12 months' notice during the first five years of the agreement (December 31, 2022). Thereafter, both the Authority and the NYC Governmental Customers may terminate the agreement upon at least six months' notice. The contract is expected to continue, but with no guarantee.

Under the Supplemental LTAs, fixed costs were contractually set for each customer. Variable costs, including fuel, purchased power and NYISO-related costs, are to be set on a pro-forma cost of service basis and reconciled to actuals as a pass-through to each customer via an energy charge adjustment.

In 2008, the Authority entered into a long-term power purchase agreement with Astoria Energy II LLC for the purchase of the output of AEII, a 550-MW plant, which commenced commercial operations on July 1, 2011, in

Astoria, Queens, for the sole benefit of the NYC Governmental Customers. Although the AEII power purchase contract goes through 2031 and is beyond the electricity supply agreement under the Supplemental LTAs, the Authority's contract with the NYC Governmental Customers served by the output of AEII is coterminous with the power purchase agreement with Astoria Energy II LLC.

The energy generated by the Zeltmann and AEII plants is sold into the NYISO market and the proceeds are used to offset the cost associated with the production of energy and capacity from the plants. All net costs and benefits to the Authority for both facilities are directly passed through to the NYC Governmental Customers. The economic value of the Zeltmann and AEII plants helps to support the NYC Governmental Customers.

Additionally, the Authority retains rights to grandfathered and historic fixed priced transmission congestion contracts on behalf of SENY customers, which helps to hedge against the fluctuating energy purchase power costs. All net costs of the Authority under the power purchase agreement with Astoria Energy are billed monthly to the NYC Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the NYC Governmental Customers.

The Authority's other SENY customers are Westchester County and numerous municipalities, school districts, and other public agencies in Westchester County (collectively, the "Westchester Governmental Customers"). NYPA has entered into an evergreen supplemental electricity supply agreement with all 103 Westchester Governmental Customers. Under the agreement, customers can partially terminate service from the Authority with at least two months' notice prior to the start of the NYISO capability periods. Full termination is allowed with at least one year's notice, effective no sooner than January 1 following the one-year notice.

Westchester Governmental Customers are partially served by the Authority's four small hydroelectric plants. The remainder of the Westchester Governmental Customers' load requirements are supplied through energy and capacity purchased from the NYISO markets. Sales of energy generated by the small hydroelectric resources into the NYISO markets, as well as grandfathered and historic fixed price transmission congestion contracts, all help to offset the cost of the energy purchased, with an energy charge adjustment mechanism in place for cost reconciliation.

BLenheim-GILBOA POWER PROJECT

The Blenheim-Gilboa project operates as a merchant plant, with energy and ancillary services offered in the NYISO markets generally at the market-clearing price. Capacity is offered to other users via bilateral arrangements and/or sold into the NYISO capacity

auctions. This forecast assumes Blenheim-Gilboa will operate as a merchant plant for the upcoming years.

SMALL NATURAL GAS POWER PLANTS

To meet capacity deficiencies and ongoing load requirements in the New York City metropolitan area in the year 2001 and later, NYPA placed into operation the SNGPPs, consisting of seven facilities located at six sites in New York City and one site in the service region of the Long Island Power Authority. Three of the sites have a single natural-gas-fueled combustion turbine electric generation units, while four have two units.

In 2001, the Authority entered a stipulation settling claims regarding the SNGPP located at Vernon Boulevard. The Agreement provides for a “Put,” meaning that if the operations of the Vernon Boulevard turbines do not cease by October 31, 2004, and certain other terms are satisfied, Silvercup Studios can exercise a “Put” on the Authority, obligating it to purchase the Terra Cotta parcel at Fair Market Value. To date, no formal “Put” notice has been received. In addition, the Authority has agreed under a settlement agreement to cease operations at Vernon Boulevard, under certain conditions including if the mayor of New York City directs such cessation. No such cessation has occurred.

On May 3, 2023, Chapter 56 of the Laws of 2023 was enacted as a part of the 2023 - 2024 Enacted State Budget. The law directed the Authority to publish, within two years of enactment, a plan to deactivate the SNGPPs. The enactment requires the Authority to deactivate the SNGPPs by the end of 2030 subject to the plants not being needed for emergency power, power system reliability as determined by NYISO and providing that the Authority may retain plants if emissions for other generation would cause more than a de minimis increase in emissions of carbon dioxide or other air pollutants.

In May 2025, the Authority published a plan outlining the phase out of SNGPP production of electricity by December 31, 2030. The plan analyzes air emission and power system reliability challenges as the Authority plans to deactivate as many of its SNGPPs as possible by the end of 2030. The plan concluded that the Authority must conduct additional studies with the NYISO and expert consultants to determine the impact to air quality in disadvantaged communities across New York State, including in New York City and Long Island, when the SNGPPs are shuttered. Specifically, findings from more in-depth air quality analysis will equip the Authority with input from the impacted communities, the NYISO and the Department of Public Service, to identify which power plants it can deactivate by 2030 or sooner without making air quality worse.

As part of the Authority's strategy to meet the legislative mandate, the Authority is in negotiations with battery developers for five SNGPP sites.

For this Approved 2026 Budget and 2026 - 2029 Four-Year Financial Plan, it is assumed that the output of the SNGPPs will be sold into the NYISO markets.

FLYNN POWER PLANT

The Flynn plant operates as a merchant plant, with energy output and ancillary services sold into the NYISO market and offered to authorized counterparties. Through an agreement with the Long Island Power Authority, the Authority is compensated for all capacity provided through December 31, 2026. Discussions to extend the agreement are upcoming.

TRANSMISSION PROJECTS

NYPA owns approximately 1,550 circuit-miles of high-voltage transmission lines and associated substations operating at voltages of 115 kV, 230 kV, 345 kV, and 765 kV. NYPA's Transmission Backbone System consists of a large subset of these transmission facilities, with major circuits such as (but not limited to):

765 KV

- MSU1 (Marcy-Massena)
- MSC-7040 (Massena-Chateaugay)

345 KV

- UE1-7 (Marcy-Edic)
- UNS-18 (Marcy-New Scotland)
- VU19 (Volney-Marcy)
- NR-2 (Niagara-Rochester)
- NS-1 (Niagara-Somerset)
- Y-49 (Long Island Sound Cable)
- Q-35L&M (Queens-Manhattan)

230 KV

- MA-1/MA-2 (Moses-Adirondack)
- MMS-1/MMS-2 (Moses-Massena)
- MW-1/MW-2 (Moses-Willis)

COST RECOVERY FOR NYPA'S BACKBONE TRANSMISSION SYSTEM

Since the formation of the NYISO in November 1999, cost recovery for the Authority's provision of transmission service over its facilities has been governed by the NYISO tariff, which included an ATRR for NYPA of \$165.5 million. The Authority receives cost recovery through the NYISO tariff mechanism known as the NYPA Transmission Adjustment Charge (“NTAC”). NTAC recovers NYPA's Backbone Transmission System costs on a statewide basis, after accounting for the Authority's revenues received from pre-existing customer transmission service contracts, Transmission Service Charge (“TSC”) assessed on customers in the Authority's upstate load zone, and other sources.

In July 2012, the Authority filed for its first ATRR increase with FERC. The Authority's filing resulted in an uncontested settlement approved by FERC for a new, \$175.5 million ATRR applicable to the Authority, effective August 1, 2012. The increased ATRR was necessary to cover increased operating and maintenance expenses of the Authority's bulk transmission system, and to make necessary capital improvements.

In January 2016, the Authority filed for an ATRR formula rate with FERC. In March 2016, FERC accepted the filing and made it effective April 1, 2016, as requested, subject to hearing and settlement judge procedures. The Authority requested a formula rate to more efficiently recover its increased capital and operating expenditures needed to maintain the reliability of its transmission system.

The Authority filed an unopposed Offer of Settlement on September 30, 2016, that fully resolved the issues raised by interested parties in settlement negotiations concerning the formula rate. Separately, the ATRR under the formula rate of \$190 million initially made effective April 1 was updated on July 1, 2016, to \$198.2 million pursuant to the formula rate annual update process.

Effective July 1, 2025, the ATRR is \$716.3 million, which also includes the revenue requirements for the Marcy South Series Compensation ("MSSC") and Central East Energy Connect ("CEEC", formerly known as AC Segment A Transmission) transmission projects. Annual updates commensurate with projected costs are assumed to continue throughout the forecast period.

TRANSMISSION LEM PROGRAM

In 2012, the Authority's trustees approved a \$726 million Transmission Life Extension and Modernization Program ("Transmission LEM Program") on the Authority's transmission system.

The Transmission LEM Program aims to extend the life of transmission assets in the Central, Northern and Western regions of New York and will include work to be done such as upgrades, refurbishments and replacements associated with switchyards and substations, transmission line structures or towers and associated hardware and replacement of the submarine cable on the PV-20 line (completed in 2017). Reinvestment in these assets supports the repair, upgrade and/or expansion of the transmission infrastructure. The Transmission LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority.

As of June 30, 2025, the Authority has spent approximately \$583 million: \$524 million in capital and \$59 million in non-recurring operations and maintenance investment.



CENTRAL EAST ENERGY CONNECT

On August 1, 2014, the Public Policy Transmission Planning Process administered by the NYISO invited solicitations to address the AC Transmission Public Policy need for new transmission lines to relieve the congested Central East and upstate New York/SENY transmission interfaces. In June 2018, the Authority and North America Transmission ("NAT") entered into a Participation Agreement which granted the Authority the option to secure an ownership interest of up to 37.5% in the projects that they jointly proposed.

In April 2019, the NYISO board selected the project proposed by LS Power Grid New York, LLC ("LS Power", formerly known as NAT) to increase transfer capability from Central to Eastern New York. The project, known as CEEC, proposed by NYPA and LS Power includes the construction of more than 90 circuit-miles of 345 kV and 115 kV transmission lines, two substations, and several modifications to existing substations along the impacted corridor.

The Authority originally funded 33% of the CEEC development costs and exercised its 37.5% purchase option in July 2021, bringing the Authority's total authorized project costs to \$240 million.

FERC authorized the Authority's recovery of a facility charge for CEEC project costs, adopted per a NYISO filing made on behalf of the Authority. The Authority is recovering its costs associated with the project through its FERC-approved cost recovery mechanisms in its ATRR formula rate, which include an incentive rate of return applied to the Authority's "Construction Work in Progress" balances for the project. CEEC was placed in service in December 2023.

MOSES-ADIRONDACK SMART PATH RELIABILITY PROJECT ("SMART PATH")

The Authority has completed the replacement of the Moses-Adirondack transmission line, one of the Authority's Backbone Transmission System lines. This project, known

as the Moses-Adirondack Smart Path Reliability Project, includes the replacement of 78 miles of 230-kV transmission lines from Massena to the Town of Croghan in Lewis County. The project replaced obsolete wood pole structures with higher, steel pole structures, and included the installation of new conductor and associated hardware. The lines operate at 230-kV level, but will accommodate future 345-kV operation.

In July 2017, the Authority received authorization under the NYISO tariff to include the costs of this replacement project in its NTAC mechanism for cost recovery.

Construction commenced in 2020 and the last segment of Smart Path was completed and placed in-service in May 2023. As of June 30, 2025 the total assets for Smart Path placed-in-service is \$480 million.

The Authority estimates a total project cost of \$484 million. This Four-Year Financial Plan includes revenues and costs associated with this project.

SMART PATH CONNECT

In October 2020, the NYPSC adopted criteria for identifying urgently needed transmission projects to meet the renewable energy goals of the CLCPA. The Authority identified the multi-pronged Smart Path Connect as work urgently needed to help unbottle existing renewable energy in the region. The project is estimated to result in a reduction of more than 1.2 million tons of carbon dioxide emissions annually on a statewide basis, and an annual reduction of approximately 160 tons of nitrogen oxide emissions from downstate emissions sources. The Authority estimates that this project will result in approximately \$440 million in annual congestion savings throughout New York State and it is estimated to create hundreds of jobs in the North Country during construction.

In October 2020, the NYPSC identified the Authority's proposed Smart Path Connect (formerly known as the Northern New York Project) as a high-priority project and referred it to the Authority for development and construction in accordance with the Accelerated Renewable Energy Growth and Community Benefit Act.

Smart Path Connect is being executed by the Authority and National Grid. The project includes completion of the remaining six miles of the Moses-Adirondack Transmission Lines, rebuilding approximately 45 circuit-miles of transmission eastward from Massena to the Town of Clinton, rebuilding approximately 55 circuit-miles of transmission southward from Croghan to Marcy, and rebuilding and expanding several substations along the impacted transmission corridor.

The Authority is authorized to spend up to \$920 million for its portion of Smart Path Connect. Construction is ongoing with expected completion in 2026. The Authority has placed \$585 million of assets in service as of June 30, 2025. This Four-Year Financial Plan includes revenues

and costs associated with the Authority's portion of this project.

LONG ISLAND SOUND CABLE

The Authority completed the Y-49 Transmission Line ("Long Island Sound Cable") Nassau segment reconductoring project, authorized by the Board of Trustees in October 2021.

The Long Island Sound Cable traverses Westchester County, the Long Island Sound, and Nassau County, delivering 600 MW of power from upstate regions to Long Island communities. The circuit was commissioned in 1991 and throughout its nearly 30-year operating history has seen minimal investment outside of normal operational, maintenance and emergent expenditures. Given the history of cable faults seen within the past few years, reconductoring of the Nassau section was required.

The reconductoring project replaced approximately 10 circuit-miles of the Long Island Sound Cable from Port Washington to East Garden City in Nassau County. In addition to the reconductoring, the project included enhancement of the cable system's ancillary cable components and substation equipment, including upgrades to steel-pipe protection, fiber-optic replacements, new manhole installation, existing manhole refurbishment, and refurbishment of the oil-pump plants at two substation locations on the Nassau segment.

Reconductoring commenced in the fall of 2022 and was completed on schedule, with the feeder successfully returned to service in May 2023.

The Authority completed the project at a total cost of \$72 million, which is recovered through NYPA's ATRR. This Four-Year Financial Plan includes revenues and costs associated with the cable.

PROPEL NY ENERGY

In response to the NYISO's August 2021 Long Island Offshore Wind Export Public Policy Transmission Need competitive project solicitation, the Authority and NY Transco jointly proposed Propel NY Energy ("Propel NY"), a suite of seven transmission solutions, addressing the Long Island offshore wind export needs. On June 13, 2023, the NYISO Board of Directors selected one of the Propel NY Energy transmission solutions as the most efficient and cost-effective transmission solution.

The project proposed by NYPA and NY Transco includes the construction of approximately 90 miles of underground 345 kV and 138 kV Alternating Current ("AC") transmission lines, including three new 345 kV AC transmission tie lines out of Long Island, construction of several substations, and the modification of several existing substations.

Propel NY Energy will benefit consumers by expanding access to diverse, cost-effective generation resources, increasing transfer capacity to and from Long Island, and enhancing overall system reliability. It will also improve the

system's flexibility and resilience across a wide range of operating conditions.

The One Big Beautiful Bill Act ("OBBBA"), enacted in July 2025, rescinded all unobligated balances of several IRA programs including the Transmission Siting and Economic Development Grants Program under which the Authority had been awarded a \$44 million grant by the U.S. Department of Energy to conduct community benefit projects for communities impacted by the Propel NY transmission line. The Authority does not anticipate receiving these funds and has not commenced the work associated with this grant award.

The NYISO cost estimate for Propel NY is approximately \$3.28 billion including upgrades. The Authority has committed to invest a minimum of \$500 million with an option to increase the investment up to 30%, subject to the Board of Trustees approval.

The targeted in-service date for Propel NY is mid-2030.

UNIONDALE HUB SUBSTATION UPGRADE

The Authority, as incumbent transmission owner, has exercised its right of first refusal to perform the identified Designated Public Policy Project at the Uniondale Hub substation in Nassau County. The Uniondale Hub upgrade will allow for the intertie of three new lines proposed by Propel NY to the 345 kV system at an expanded substation featuring a new electrical bus arrangement, voltage control equipment, and protection systems.

The total estimated cost for the Uniondale Hub upgrade is approximately \$341 million, which will be recovered through the Authority's ATRR.

The targeted in-service date for the Uniondale Hub upgrade is mid-2029.

HUDSON TRANSMISSION PROJECT

In 2011, the Board of Trustees authorized NYPA to enter into an agreement with Hudson Transmission Partners, LLC ("HTP"). The agreement, known as the Firm Transmission Capacity Purchase Agreement ("FTCPA"), was entered into for the purchase of transmission capacity to meet the long-term requirements of the Authority's NYC Governmental Customers and to improve the transmission infrastructure serving New York City. The agreement addresses this need through the provision of transmission capacity on the HTP transmission line.

The cable extends from Ridgefield, New Jersey (connected at Public Service Electric and Gas ("PSE&G") Company's Bergen substation) on the PJM Interconnection, LLC ("PJM") transmission system, to the Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation. Under the FTCPA, the Authority received entitlement to 75% or 495 MW of the line's 660-MW capacity for 20 years while reimbursing HTP for the cost of interconnection and transmission upgrades in New York and New Jersey associated with the

line. These upgrades were completed at a total cost to the Authority of \$335 million.

In addition, the Authority's obligations under the FTCPA include payment of the PJM-approved Regional Transmission Expansion Plan ("RTEP")/Transmission Enhancement Charges ("TECs") allocated to HTP. These allocations started in 2013 and grew to include the highly significant Bergen Linden Corridor ("BLC") project in northern New Jersey.

It is estimated that the revenue derived from the Authority's rights under the FTCPA will not be sufficient to cover the Authority's costs during the 20-year term of the FTCPA. The Authority estimates losses for HTP to be in the range of approximately \$80 million to \$90 million annually.

In 2015 and 2016, PJM's RTEP cost allocation methodology associated with the BLC project upgrades was challenged at FERC in numerous proceedings by Con Edison, the Authority, HTP and other New York parties.

In March 2017, the Authority and HTP amended the FTCPA to, among other changes, create a mechanism for HTP to relinquish its Firm Transmission Withdrawal Rights ("FTWRs") and increase the Authority's leased portion of the line's capacity from 75% (495 MW) to 87% (575 MW) at a monthly capacity charge rate that represents a decrease in the unit price (on a \$/MW-month basis) paid to HTP in the original FTCPA.

Because of the FTWR relinquishment, PJM determined that the Authority had no cost responsibility for any RTEP/TEC costs starting in 2018. In 2020, FERC partially reversed PJM's determination over the Authority's objections, and held that a portion of the RTEP charges assignable to the HTP facility dating back to 2018 had to be reinstated because they were unrelated to whether HTP had retained FTWRs. These reinstated RTEP/TECs were for projects other than the BLC project, primarily for the Northeast Grid Reliability Project. FERC authorized PJM to begin collection for the back periods starting in August 2020.

For the BLC project-related RTEP/TECs assessed prior to 2018, the challenges to FERC's orders from 2015 and 2016 authorizing those PJM allocations were elevated to the District of Columbia Circuit of the U.S. Court of Appeals. In August 2022, the Court of Appeals determined that PJM's cost allocation methodology was flawed, which may result in refunds to the Authority for its BLC-related RTEP payments; however, FERC has not yet acted on the court's remand. The Authority's potential refund related to its overpayments of RTEP is approximately \$52 million as of 2025, inclusive of interest.

The Authority now accrues approximately \$875,000 per month in RTEP/TECs, but this amount is expected to trend downward as these facilities are depreciated. These RTEP/TEC allocations, which began in 2013, are

estimated to cost the Authority in excess of \$150 million.

With respect to the reinstated RTEP/TECs upgrade costs, the Authority appealed the 2020 FERC order to the D.C. Circuit Court of Appeals. The Authority's appeal was rejected by the D.C. Circuit on July 26, 2024. The Authority determined that it would not seek rehearing or appeal of the decision, thus closing the matter. Accordingly, the Authority's ongoing RTEP/TECs payment obligations remain in place for the term of FTCPA and would continue if the Authority were to take ownership of the HTP facility after FTCPA term. These payment obligations would cease if the Authority does not exercise any rights over the HTP facility after the FTCPA term ends in June 2033.

The Authority initiated a Request for Proposals process, which offers the Authority opportunities to enhance the operational, financial and market dynamics of the HTP cable, including providing clean energy to New York City. NYPA has signed a non-binding Term Sheet and is in exclusive negotiations to execute a Transmission Capacity Resale Agreement for a term of up to seven years.

POWER PURCHASE AGREEMENTS

The Authority does not have any Power Purchase Agreements ("PPAs") that have a fixed-charge provision or fixed cost. As and when such PPAs are executed, they will be reflected in the Notes to the Authority's Consolidated Financial Statements.

The Authority executed nine PPAs for solar photovoltaic ("PV") projects with Ameresco, Inc. on June 28, 2023, and an additional six PPAs for solar PV projects with Ameresco, Inc. on July 7, 2023, requiring the Authority to pay Ameresco, Inc. for electricity received from the sixty renewable facilities to be constructed under those PPAs and recover the payments from the City of New York, acting through its Department of Citywide Administrative Services ("DCAS") via a power sales contract (the "PSC"). The Authority also executed four PPAs with Ameresco, Inc. for battery energy storage systems ("BESS") in 2024, requiring the Authority to pay Ameresco, Inc. for electricity received from the renewable facilities and recover the payments from the purchaser via the PSC.

In the case of non-payment from DCAS, there is a cure period of one year, in which the Authority would cover the payments to Ameresco, Inc. If there is no cure, Ameresco, Inc. has no claim to the Authority so long as the Authority or Ameresco, Inc. is pursuing recovery from DCAS under the terms of the PSC. The total value of the PPAs with Ameresco, Inc. is \$320 million over 20 years, the annualized amount being \$16 million.

The first of these nineteen PPAs has entered commercial operation, and two more are expected to enter commercial operation in 2025.

The Authority also entered into a PPA for solar PV and BESS with Siemens Industry Inc. on December 23, 2020, requiring the Authority to pay Siemens Industry Inc. for

electricity and services received from the renewable facilities constructed at the Jacob K. Javits Convention Center, and recover the payments from the New York Convention Center Operating Corporation ("NYCCOC") via a PSC. The annualized amount for the PPA entered on behalf of NYCCOC is \$2.7 million over 25 years. The NYCCOC PPA has entered commercial operation and is producing energy through which the Authority is paying for and recovering for that energy under that PPA and PSC respectively.

Additionally, the Authority executed a PPA for solar PV and BESS with Solar Star Big Apple BTM, LLC, a wholly-owned subsidiary of SunPower Corporation, on May 7, 2021, requiring the Authority to pay Solar Star Big Apple BTM, LLC for the electricity received from the renewable facilities to be constructed at the John F. Kennedy International Airport and recover payments from the Port Authority of New York and New Jersey ("PANYNJ") via a PSC. The annualized amount for the PPA entered on behalf of PANYNJ is \$1 million over 25 years. The total value of these PPAs is approximately \$100 million over 25 years.

All projects are in the design or construction phase and the Authority is not paying for or recovering for energy under the PPAs. When each of the projects reaches commercial operation, they are expected to be cost-neutral to the Authority.

In 2008, the Authority entered into a long-term power supply contract with Astoria Energy II LLC for the purchase of all the output of AEII, a 550-MW plant, which entered commercial operation on July 1, 2011, in Astoria, Queens. The delivery period under the contract is through 2031. At the same time, the Authority entered a separate contract with its NYC Governmental Customers, which is coterminous with the PPA with Astoria Energy II LLC, to sell the output of AEII. All net costs of the Authority under the PPA with Astoria Energy II LLC are billed monthly to the NYC Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the NYC Governmental Customers.

In July 2025, the Authority entered into a take-and-pay Power Supply Contract with New York Energy Finance Development Corporation ("NYEFDC"), which issued \$944 million in Energy Supply Revenue Bonds to prepay for 30 years of electricity with the Authority as the sole offtaker. Any debt or liability incurred by NYEFDC on behalf of the Authority to prepay for energy is not a debt or liability of the Authority.

Under the PSC, NYEFDC will sell and deliver to the Authority and the Authority will purchase, specified quantities of market-based energy, less a specified discount. The initial energy delivery period (during which the Authority is committed to purchase approximately 876,000 MWh of electricity each year) will begin in January 2026 and will end in October 2033. This agreement does

not qualify as a lease, and the agreement does not have minimum payment terms. The Authority will only pay for energy when delivered and the PSC represents an offset to the Authority's existing market-based power purchases.

PURCHASED POWER EXPENSES

Energy, capacity, and ancillary service purchases made on behalf of customers (except for those made through previously approved power purchase agreements) are assumed to be transacted at the market-clearing price in the wholesale market. For purposes of developing this Four-Year Financial Plan, projected energy rates are based on published forward price curves, while capacity rates are based on internally developed capacity curves using external pricing sources, such as broker quotes and trading platforms.

FUEL EXPENSES

Fossil-fuel purchases in this Four-Year Financial Plan are based on expected net generation levels determined by an economic dispatch model for the Authority's plants and on available forward fuel price curves. Fuel expenses also include the costs associated with emission credit requirements under the Regional Greenhouse Gas Initiative ("RGGI"). RGGI requires the Authority to buy emissions credits for its fossil-fuel plants, and the Authority also purchases such credits for the contracted AEII plant. The projections for RGGI costs are based on projected emission rates and forecasted consumption of natural gas and oil, with such costs recovered either through specific customer contract pass-through provisions or from the wholesale market.

TRANSPORTATION AND DELIVERY EXPENSES

Transportation and Delivery (i.e., the transmission and/or delivery of power and energy to customers over the lines of a third party) expenses are based on contractual and/or tariff rates of the service provider and are recovered through customer rates or pass-through provisions in customer contracts.

CLEAN ENERGY SOLUTIONS

The Authority, through its Clean Energy Solutions programs, provides customers with wide-ranging on-site energy solutions, including energy data analytics, planning, development, implementation and operation of capital projects such as energy efficiency, distributed generation, advanced technologies and renewables.

The Authority was also responsible for implementation of the governor's Executive Order ("EO") No. 88 (2012) (to improve energy efficiency at State-owned and managed buildings), and is responsible for the Five Cities Energy Efficiency Implementation Plans (for the cities of Albany, Buffalo, Rochester, Syracuse and Yonkers) to reduce overall energy costs and consumption, strengthen the reliability of energy infrastructure, create jobs in local clean energy industries and contribute to a cleaner

environment), and the K-Solar program (to reduce energy costs of certain schools through the use of solar power). EO No. 88 was revoked and superseded by EO No. 22, issued by Governor Hochul on September 20, 2022, which among other things requires State entities, including the Authority, to adopt a sustainability and decarbonization program. The Authority is a member of the Green NY Council created by EO No. 22 that helps to implement EO No. 22.

The 2022 - 2023 Enacted State Budget, Section 59 of Part FFF of Chapter 56 of the Laws of 2022, authorizes the Dormitory Authority of the State of New York, the New York State Urban Development Corporation, and the New York State Thruway Authority to issue bonds in one or more series under either Article 5-C or Article 5-F of the State Finance Law for the purpose of refunding obligations of the Authority to fund energy efficiency projects at State agencies including the State University of New York, the City University of New York, the New York State Office of General Services, the New York State Office of Mental Health, the State Education Department, and the New York State Department of Agriculture and Markets. The aggregate principal amount of bonds authorized to be issued may not exceed \$475 million. Such bonds will not be a debt of the State, and the State shall not be liable thereon, nor shall they be payable out of any funds other than those appropriated by the State under Article 5-C or Article 5-F of the State Finance Law, as applicable. As of December 31, 2024, the State has reimbursed the Authority an aggregate amount of \$204 million with an agreed remaining list of \$271 million of approved projects which will continue to be reimbursed as costs are incurred.

The Authority implements energy services programs primarily aimed at two groups of entities: Its SENY Governmental Customers and various other public entities throughout the State. The Authority is also authorized to provide and finance energy services to eligible business customers; provide energy services to public and non-public elementary and secondary schools and specified military establishments in the State; and supply certain market power and energy and renewable energy products to any Authority customer, public entity, or community choice aggregation ("CCA") community in the State.

Over the period from 2026 - 2029, the Authority has designated approximately \$1.3 billion in expenditures on Clean Energy Solutions. Except for certain limited costs, the Authority expects to recover its expenditures on these programs, including its financing costs, over periods not exceeding ten years. Except as described below, such expenditures are generally recovered from the benefitting customer or entity.

In addition, the Authority implements other energy services programs financed by other sources, such as the State and the City. The Authority's energy services programs generally provide funding for, among other things, high efficiency lighting technology conversions, high efficiency

heating, ventilating and air conditioning systems and controls, boiler conversions, replacement of inefficient refrigerators with energy efficient units in public housing projects, electric vehicles and charging stations, distributed generation technologies and clean energy technologies, and installation of non-electric energy saving measures.

Participants in these programs include departments, agencies or other instrumentalities of the State, the Authority's SENY Governmental Customers, certain public authorities, public school districts or boards and community colleges located throughout the State, county and municipal entities with facilities located throughout the State, certain not-for-profit entities, and the Authority's municipal and rural electric cooperative customers.

The Authority is authorized to provide and finance energy services, including through the issuance of bonds for that purpose, and also may provide energy services to virtually all of its commercial and industrial customers and to independent not-for-profit institutions of higher education in the State. The Authority is also authorized to provide energy services to public and non-public elementary and secondary schools and specified military establishments in the State and to finance and administer programs to replace inefficient refrigerators with energy-efficient units in certain public and private multiple dwelling buildings.

ELECTRIC VEHICLE ACCELERATION INITIATIVE

As of June 30, 2025, approximately \$73 million of an authorized \$100 million has been spent for Evolve NY, an electric vehicle acceleration initiative with 256 fast chargers in service across 61 locations. The Authority will own and operate a charging network of 400 direct current fast chargers across the State, the first of which became operational in September 2020.



GRANTS

NYPA and the Canal Corporation continue to pursue federal and state grant funds to offset the cost of approved capital projects and programs that align with the Authority's

core mission, VISION2030 Renewed, and CLCPA.

Since 2023, NYPA and the Canal Corporation have recovered \$12.8 million in FEMA disaster recovery funding related to four previous extreme weather events and the COVID-19 pandemic. The Canal Corporation has also secured \$4.2 million in Hazard Mitigation Grant Program funding aimed at studies and projects to enhance resiliency for future storms. Other grant programs, most notably the National Electric Vehicle Infrastructure Formula Program--which provides funding up to \$16 million for electric vehicle charging stations statewide--continue to leverage federal funding to offset the cost of projects throughout the state.

Previously awarded federal grants totaling \$84 million from the Department of Energy have been delayed as the Trump administration has paused many programs to evaluate alignment with administration priorities outlined in a series of executive orders. NYPA continuously monitors the legislative and regulatory landscape to identify opportunities for external funding.

INFLATION REDUCTION ACT

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law; it aims to reduce carbon emissions and promote economic development through investments in clean and renewable energy projects. The clean energy tax credits created or expanded by the IRA are intended to drive rapid adoption of energy efficiency, electric transportation, and solar energy.

The Authority has undertaken initiatives to take advantage of clean energy tax credits by investing in clean energy such as battery storage and solar, transitioning our fleet to electric vehicles ("EV") and placement of EV infrastructure in non-urban, low-income areas. The Authority expects to monetize IRA tax credits via a direct pay option that allows tax-exempted entities to receive cash payments equal to the tax credits. The Internal Revenue Service requires prefiling registration of the projects on which the entity expects to claim tax credits in its tax return. The Authority has completed its prefiling registration for all eligible projects placed in service in 2024 and expects to file a tax return by November 2025. However, there is no certainty or predictability regarding the recovery of this tax credit amount due to actions beyond the control of the Authority, such as changes in legislation.

The OBBBA signed into law on July 4, 2025, introduces significant changes to federal energy tax credits, particularly for solar projects, charging station, and electric vehicles as applicable to the Authority. Solar projects placed in service after December 31, 2027, will not qualify unless construction starts before July 4, 2026, with completion required by the end of 2030. The Qualified Commercial Clean Vehicle Credit will end for acquisitions after September 30, 2025, and the Alternative Fuel Vehicle Refueling Property Credit will terminate for facilities placed in service after June 30, 2026. Full Investment Tax Credit

or Production Tax Credit for battery, hydropower and nuclear facilities will be extended for projects beginning construction before 2033, with a phased reduction starting in 2034 and ending in 2035.

The Authority is evaluating applicability of the rules to maximize the receipt of tax credits, as applicable, to current and the future projects.

ECONOMIC OUTLOOK AND VIEW ON ENERGY MARKETS

The near-term economic outlook in New York State and the United States as a whole is positive but uncertain. Although unemployment remains low, job growth has slowed significantly. Inflation has declined from its peak a few years ago but remains well above the Federal Reserve target of 2%, hovering around 3%, matching consumers' forward expectations.

The inflation impacts of the Trump administration's announced tariffs remain to be seen, while tariff-related uncertainty continues to weigh on businesses. The impacts of Federal immigration policies on economic growth and labor markets remain uncertain. At its September 2025 meeting, the Federal Reserve lowered the federal funds rate by 25 basis points and signaled the potential for additional cuts at upcoming meetings, noting two-sided risks of slowing labor market growth and persistent inflation.

The cautious actions of the Federal Reserve have reduced the risk of recession, but the pace of economic growth, the trajectory of inflation, and future labor market dynamics remain uncertain. Should the Federal Reserve decrease interest rates too quickly, the possibility exists for a resurgence in inflation which could lead to significantly negative economic disruption. Conversely, if the Federal Reserve lowers interest rates too slowly, the labor market may continue to soften, slowing the economy and increasing the likelihood of a recession.

In addition to the future course of interest rates, there are a number of other factors that could affect economic growth, particularly the uncertainty regarding tariffs. On the positive side, continued investment in domestic manufacturing and growth in data centers to support deployment of artificial intelligence ("AI") may buoy economic activity and result in gains to productivity.

Current market energy price conditions have generally been headed in a positive direction. New York State power prices in 2025 have been on average \$25 to \$30 higher this year than last. Temperatures for winter and summer of 2025 were much more seasonal compared to last year's especially during the heat wave of June 24th through June 30th when peak load reached its highest year-to-date at 31,857 MW in one hour. The summer daily peak average is roughly 22,000 – 22,800 MW while the highest peak load on record was 33,956 MW during July of 2013.

Power prices remain highly correlated with natural gas prices. There has been a noticeable increase in spark spreads, mainly attributed to a slower rise in gas prices versus power prices. This may be due to diverging market fundamentals growing the demand for power across the State.

The NYISO grid system is faced with rapid growth of large loads, increasing challenges in developing new dispatchable resources and continuous decommissioning of older generation units. Looking further out, there is added load growth expected across different industries including electric vehicles, building electrification, semiconductor manufacturing, and data centers.

The frequencies of off-forecast extreme weather and seasonal peak loads are rising. Additionally, the widespread occurrences of these weather events make it difficult to find relief through imports from neighboring states and regions. Real-time prices are heavily impacted by such events, especially during peak hours.

Of further note, in the NYISO market we have observed a convergence of upstate and downstate pricing, due to reduced congestion associated with transmission upgrades. S&P Global Platt's forward curves capture that convergence. Considering the tight power conditions and continued signs of load growth, the Authority assumes New York State power prices will continue to rise at least until there is a resolution in building more dispatchable units outside of the small natural gas power plants.

Pricing for market-based ancillary services has increased since last year following the trend of higher power market pricing for all market products. The current supply of generation is tighter, driven in part by peaker power plant retirements downstate and lower net imports of electricity to New York, which impacts the balance of supply available for ancillary services. Prices for ancillaries are highly uncertain. While there is adequate product supply available to support NYISO requirements, there is significant price volatility experienced during hot and cold weather events when grid reserve margins narrow. In some cases, large generator outages exacerbate the situation and significantly impact the market. It is still expected that as market share of intermittent generation increases, the need for system flexibility is likely to increase.

Capacity prices in New York City and NYCA have risen, largely due to gas and oil peaker plant retirements. The second phase of DEC's NOx Peaker Rule went live in May 2025. This emissions reduction initiative placed a more stringent allowance of emissions for fossil fuel units across the state, triggering more retirements of older units that could not be replaced. This reduction in supply, combined with a 4.4% increase in NYCA's Installed Reserve Margin, pushed prices higher. In New York City, the impact was slightly offset by a lower Locational Capacity Requirement. NYISO's use of a two-hour battery as the 2025 demand

curve proxy also introduced a bearish signal compared to the fossil unit used in 2024.

With the continued use of the battery proxy and the addition of the Champlain Hudson Power Express line, these factors are expected to ease capacity prices over the four-year horizon. However, this may be partially offset by the removal of Voltage Support Service payments and the Capacity Accreditation Resource Class reclassification of non-firm fuels, which are expected to raise capacity prices in NYCA assuming the effects of supply and demand.

After nearly four years, RGGI participating states completed their Third Program Review in July 2025. The updates to RGGI's design demonstrate the participating states' commitments to the environment and energy affordability by setting a more rapidly declining cap trajectory but also increasing the size of the Cost Containment Reserve ("CCR") and adding a second CCR that would make more allowances available at a price 50% higher than the first CCR. The total allowances available with both CCRs under the new model rule is roughly equivalent to the quantity that would have been available with the one CCR in 2029 under the prior rules, but for 2030 and beyond the total available allowances will be less than would have been available before this policy update. The RGGI auction price has been at or above the CCR trigger price for the last eight auctions and given the upcoming reductions in available allowances that seems likely to continue, presuming that states enact regulations to implement those changes through their own separate rulemaking processes in the year ahead.

The information and projections contained under this section are included solely for informational purposes. NYPA has prepared this information based on information available to it, including information derived from public sources that NYPA believes are reliable but have not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed therein. Although NYPA believes the market data and other information is reliable, it is not warranted as to completeness or accuracy, is subject to change without notice, and NYPA accepts no responsibility to update such information after its date.

INVESTMENT INCOME

The Authority's investment of funds continues to be administered under the Bond Resolution and in accordance with the Authority's Guidelines for the Investment for Funds, which comply with the New York State Comptroller's investment guidelines for public authorities and are adopted pursuant to Section 205 of the New York Public Authorities Law.

Permitted investments include: (a) collateralized certificates of deposit, time deposits, Federal Deposit Insurance Corporation-insured products (including Certificate of Deposit Account Registry Service or similar) and money market funds, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and or instrumentalities of the United States government, (d) obligations of any state or any political subdivision thereof, or related agencies/ instrumentalities/ local government units, rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies, (e) repurchase and reverse repurchase agreements ("Repurchase Agreements"), including "gestation" repurchase agreements using treasury or agency-backed collateral with a physical trust certificate from a Federal Industry Regulatory Authority licensed broker dealer, and (f) Guaranteed Investment Contracts ("GICs") or GIC funds issued by creditworthy insurance companies, collateralized by issuer's general or separate account assets, with no more than \$50 million invested in any one contract or fund.

Under the Transmission Bond Resolution and NYREDHC, the permitted investments are mirrored as above. Under the Captive Insurance Investment Policy Statement, investments options are similar to those types stated for the Authority with the additional permitted classes including collateralized loan obligations rated AA or higher; domestic equity (common and preferred), publicly traded Real Estate Investment Trust funds; and mortgage-backed securities and collateralized mortgage obligations with a rating of AA or higher.

Investments are reported at fair value, using quoted market prices or other observable inputs where available in the consolidated statements of net position.

INTEREST RATES

At the start of 2025, the federal funds target stood at 4.25% - 4.50%, where it remained through the first half of the year as the Federal Reserve Open Market Committee balanced easing inflation against a softening labor market. By September 2025, headline inflation had slowed to about 2.9% year over year, but core inflation remained elevated, while rising unemployment placed additional pressure on policymakers.

In September, the Federal Reserve Board (the "Fed") delivered its first rate cut of the cycle, lowering the fed funds target range to 4.00% - 4.25%. Policy makers and market participants anticipate a gradual easing path: rates are expected to fall towards 3.50% - 3.75% by year-end 2025, with additional cuts projected in 2026. Over the following years, forecasts suggest the fed funds rate could settle closer to 2.75% - 3.25% by 2028 - 2029, provided inflation continues to moderate and growth remains stable.

Bloomberg U.S. Treasury Yield Consensus Forecast (%)					
	Fed Funds Rate - Upper Bound	Fed Funds Rate - Lower Bound	US 10-Year	US 30-Year	US 3-Month Term Secured Overnight Financing Rate
Q4 25	3.85	3.60	4.15	4.72	3.77
Q1 26	3.64	3.39	4.10	4.68	3.57
Q2 26	3.44	3.19	4.09	4.65	3.36
Q3 26	3.34	3.09	4.08	4.63	3.27
Q4 26	3.29	3.04	4.08	4.65	3.20
Q1 27	3.22	2.97	4.01	4.64	3.29
Q2 27	3.22	2.97	3.98	4.60	3.30
Q3 27	3.24	2.99	3.99	4.61	3.36
Q4 27	3.22	2.97	3.97	4.58	3.33
Q1 28	3.29	3.04	4.03	4.60	3.39

Source: Bloomberg weighted average treasury and benchmark yield forecast survey results (BYFC) as of October 21, 2025.
Survey reflects averages of results from 19-65 surveyed firms.

Bloomberg Muni AAA Forward Yield Curve (%)					
Tenor	SPOT Q4 25	Q4 26	Q4 27	Q4 28	Q4 29
1 Yr	2.42	2.33	2.08	2.26	2.27
5 Yr	2.27	2.35	2.47	2.69	2.93
10 Yr	2.77	2.96	3.18	3.47	3.76
15 Yr	3.39	3.58	3.81	4.06	4.33
20 Yr	3.86	4.01	4.18	4.39	4.58
30 Yr	4.12	4.24	4.38	4.53	4.69
50 Yr	4.36	4.46	4.58	4.71	4.84

Source: Bloomberg Muni AAA Forward Yield Curve as of October 21, 2025.



OPERATIONS AND MAINTENANCE EXPENSES

Operations and Maintenance Forecast by Cost Element (In \$ Millions)

	2026	2027	2028	2029
Payroll				
Regular Pay	\$351.6	\$365.7	\$380.5	\$395.9
Overtime	15.5	16.1	16.8	17.5
Other Payroll	<u>9.7</u>	<u>9.9</u>	<u>10.0</u>	<u>10.2</u>
Total Payroll	376.7	391.7	407.3	423.7
Other Operations and Maintenance				
Benefits	177.7	183.7	191.7	200.1
Materials/Supplies	34.8	36.0	37.3	38.7
Fees	14.1	14.8	15.4	16.1
Office and Stationery	42.0	43.6	45.3	47.1
Maintenance Repair, Service Contracts and Consultants	<u>294.5</u>	<u>304.7</u>	<u>314.8</u>	<u>328.4</u>
Total Other	563.1	582.8	604.6	630.4
Charges to				
Outside Agencies	(1.1)	(1.1)	(1.2)	(1.2)
Capital Programs	<u>(76.7)</u>	<u>(79.9)</u>	<u>(83.2)</u>	<u>(86.7)</u>
Total Charges	(77.8)	(81.0)	(84.4)	(88.0)
NYPA/CANALS/SFP/CAPTIVE Operations and Maintenance	\$862.0	\$893.5	\$927.5	\$966.2
NYREDHC Operations and Maintenance	\$5.0	\$8.9	\$17.2	\$23.1

Detailed Breakout of 2026 Operations and Maintenance by Facility
(In \$ Millions)

Profit Center	Site Operations and Maintenance	Enterprise	Total
Niagara	\$78.3	\$88.8	\$167.1
St. Lawrence	40.5	41.6	82.1
Blenheim-Gilboa	27.5	18.3	45.7
Small Natural Gas Power Plant	31.0	13.2	44.3
Flynn	12.0	6.8	18.8
Small Hydro	11.1	5.8	17.0
Zeltmann	36.7	18.6	55.3
Recharge NY	3.3	0.9	4.2
SENY	3.5	4.1	7.6
Transmission	23.6	154.7	178.4
Total Sites and Enterprise	\$267.6	\$352.7	\$620.3

Non-Utility Profit Centers

Clean Energy Solutions	\$26.7
EV Charging	10.5
Distributed Energy Resources	4.1
NYEM Platform	3.0
eMobility	2.8
Green Power Supply Products	2.3
Large Energy Storage	1.0

Total NYPA Operations and Maintenance \$670.7

Total Canals Operations and Maintenance \$116.7

Total SFP \$74.7

Further Breakout of NYPA 2026 Enterprise Expenses
(In \$ Millions)

Enterprise \$352.7M

Operations	\$88.6
Information Technology	\$77.2
Business Services	\$54.8
Innovation	\$26.7
Legal Affairs	\$23.9
Communications and External Affairs	\$20.4
Human Resources	\$17.9
Risk and Resilience	\$16.7
Customer Solutions	\$11.6
Internal Audits	\$8.1
NYPA Development	\$3.5
Executive Offices	\$3.3

DEPRECIATION AND AMORTIZATION EXPENSES

The provisions for depreciation for utility plants result from the application of straight-line rates determined by age life studies of assets in service. The rates are applied to groups of depreciable capital assets. The related depreciation provisions on June 30, 2025, and December 31, 2024, expressed as a percentage of average depreciable capital assets on an annual basis are:

Type of Plant	Average Depreciation Rate	
	2025	2024
Production		
Hydro	2.3%	2.3%
Gas turbine/combined cycle	2.2	2.2
Transmission	2.3	2.3
General	5.5	5.5
Energy Storage	10.0	10.0
Canal System	3.9	3.9

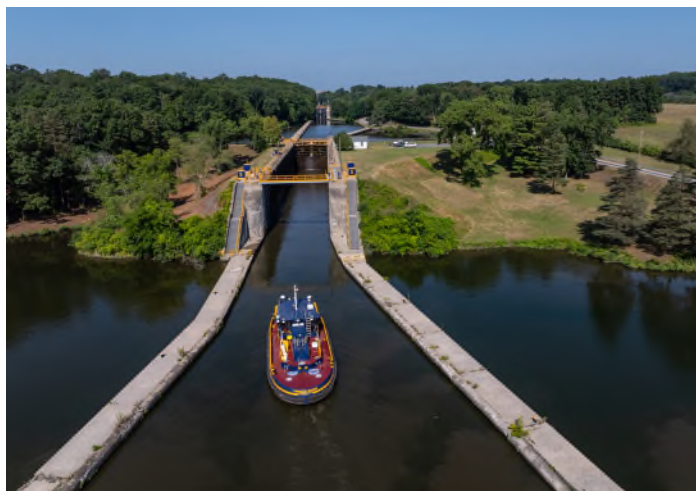
OTHER EXPENSES

The Other Expenses category largely reflects various accruals and other miscellaneous expenses (e.g., payments to the NNYED and WNYED funds), some of which require Board of Trustees authorization on a case-by-case basis.

CANAL CORPORATION

Effective January 1, 2017, the Canal Corporation became a subsidiary of NYPA, and NYPA assumed certain powers and duties relating to the Canal System to be exercised through the Canal Corporation. The Canal Corporation operates at a loss and is expected to require substantial operating and maintenance support and capital investment. The Canal Corporation's expenses are expected to be funded through transfers made from the Authority. Any transfer of funds would be subject to approval by the Board of Trustees and in compliance with NYPA's General Resolution Authorizing Revenue Obligations, as amended and supplemented ("General Bond Resolution"). Certain expenses eligible for reimbursement are expected to be reimbursed to the Authority by monies held in the Canal Development Fund maintained by the State Comptroller and the Commissioner of Taxation and Finance.

The Canal Corporation is committed to revitalizing the Canal System as defined in VISION2030 Renewed. In December 2024, the Canal Recreationway Commission published the Canal Recreationway Plan 2050, a roadmap for the next 25 years to create a unified system of waterways, trails and park-like spaces.



Given the age of the Canal System, the Authority expects significant maintenance and capital investments will be required to assure the Canal System's continuing operation. The Authority's budget and financial plan for the Canal System for 2026 - 2029 includes operating and capital expenditures necessary to operate, maintain, and repair the system. For the past two Enacted State Budgets, New York State appropriated \$50 million annually in support of the Canal Corporation's capital expenses. The Authority will continue to evaluate the condition of the Canal System and expects to allocate additional funding if deemed necessary through its annual budgeting process or reduce funding if efficiencies are found. The Authority is also exploring additional funding opportunities through state and federal programs.

CAPTIVE

Legislation enacted in May 2022 (Chapter 193 of the Laws of 2022) amended the State insurance law to provide the Authority with the legal authority to form a pure captive insurance company enabling the Authority to effectively provide coverage for risks that are not insured, not insurable on the traditional commercial markets or prohibitively expensive to insure through the commercial markets and to provide the Authority with related tax exemptions.

On September 29, 2022, NYPA's Board of Trustees approved the formation of a subsidiary corporation to be called the NYPA Captive Insurance Company and the Authority thereafter filed an application for a license with the New York State Department of Financial Services (the "DFS"). On May 2, 2023, the DFS issued the Certificate of Incorporation for Captive, and Captive's Board of Directors held an organization meeting on May 25, 2023. The DFS issued the requisite license to operate to Captive on July 25, 2023.

Captive has initially underwritten a Terrorism Risk Insurance Act ("TRIA") certified nuclear, biological, chemical, radiological and cyberterrorism ("NBCR") terrorism policy with aggregate limit of \$500 million, which policy has a federal backstop, as well as a property

deductible reimbursement line in the amount of \$5 million per occurrence. On November 1, 2023, the coverage limit for the property deductible reimbursement line was increased to \$10 million per occurrence. On January 1, 2024, Captive underwrote a cyber deductible reimbursement line in the amount of \$5 million per occurrence. On June 15, 2024, Captive underwrote a general liability deductible reimbursement line in the amount of \$5 million per occurrence with a \$200,000 deductible. On January 1, 2025, Captive underwrote a Canal Corporation property deductible reimbursement line in the amount of \$20 million per occurrence with a \$200,000 deductible.

It is anticipated that the existence of Captive will result in cost savings to the Authority by reducing the need for commercial insurance and creating an efficient and effective claims handling process which will further enable the Authority to manage its overall risk more effectively and economically.

SEPARATELY FINANCED PROJECTS (“SFP”)

The Authority has adopted its Transmission Bond Resolution (a bond resolution separate from the General Bond Resolution) to finance the costs of any project, facility, system, equipment or material related to or necessary or desirable in connection with the transmission or distribution of electricity, whether owned or leased (jointly or singly) by the Authority. This includes any transmission capacity in which the Authority holds an interest or a contractual right to use, provided the Authority designates it both as a “Separately Financed Project” under the General Bond Resolution and an “SFP Transmission Project” under the Transmission Resolution (an “SFP Transmission Project”). To date, three projects have been designated as SFP Transmission Projects: Smart Path, Smart Path Connect and CEEC.

In January 2022, the Authority’s trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2022A (the “2022A Transmission Revenue Bonds”), under the Transmission Bond Resolution - distinct from the Authority’s General Bond Resolution. The 2022A Bonds were issued on a tax-exempt basis in April 2022, in an aggregate principal amount of approximately \$608 million.

Proceeds of the 2022A Bonds were used to fund capital expenditures related to the on-going Smart Path and CEEC transmission construction projects (the “2022A SFP Transmission Projects”); reimburse prior expenditures related to those projects; and to pay issuance and other ancillary expenses incurred with respect to the Bonds.

In September 2023, the Authority’s trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2023A (the “2023 Transmission Revenue Bonds”), under the Transmission Bond Resolution, (distinct from the General Bond Resolution). On November 16, 2023, the Authority issued \$734 million of 2023A Bonds at a premium.

The proceeds of the 2023A Transmission Revenue Bonds will be used to fund capital expenditures for the on-going Smart Path Connect project (the “2023A SFP Transmission Project”); reimburse prior project related expenditures; and to pay issuance costs and other expenses associated with the Bonds.

The 2022A and 2023A Transmission Revenue Bonds (collectively, the “Transmission Revenue Bonds”) are not payable from, nor secured by, revenues pledged under the Authority’s General Bond Resolution, directly or indirectly. Rather, they are limited obligations of the Authority, payable solely from and secured exclusively by the SFP Transmission Trust Estate pledged under the Transmission Resolution. That estate includes (but is not limited to) the revenues (net of operating expenses) allocable to the 2022A and 2023A SFP Transmission Projects. However, the SFP Transmission Trust Estate excludes any real property, structures, facilities, or equipment owned by the Authority.

NEW YORK RENEWABLE ENERGY DEVELOPMENT HOLDINGS COMPANY

NYREDHC is authorized to carry out NYPA’s renewable energy business and strategy as provided under Expanded Authority. On January 28, 2025, the Authority published its inaugural NYPA Renewables Strategic Plan, which described for the first time how the Authority will operationalize its renewables work and identified 37 projects totaling more than 3.0 GW of capacity for development consideration. NYREDHC is authorized to pursue any project identified in the Strategic Plan.

NYPA expects that the activities of NYREDHC, as a separate legal entity from NYPA, will be conducted in a manner such that NYPA is not expected to be responsible for the financial or other obligations of NYREDHC. On December 31, 2024, NYPA funded NYREDHC with \$100 million from amounts released from the lien of the Trust Estate created by the General Bond Resolution. On February 28, 2025, NYREDHC purchased a 100% equity stake in Somers Solar from an affiliate of CS Energy, LLC and is actively working to move the project into construction. Somers Solar is a 20-MW project located in Fort Edward, NY and was awarded a NYSERDA Tier 1 Index REC under the 2024 RES Solicitation.

On May 1, 2025, NYPA executed a shared services agreement with NYREDHC under which NYREDHC will be required to reimburse NYPA for costs of providing services.

The Authority has continued to conduct due diligence on projects and on July 29, 2025 posted a draft update to the Strategic Plan for public comment through September 12, 2025. The Authority is reviewing comments and feedback and anticipated to have an updated Strategic Plan approved in December by the Authority and NYREDHC Trustees. Further, in September 2025, NYPA and NYREDHC Trustees approved an intercompany loan facility for up to \$100 million to fund ongoing investments

by NYREDHC in renewable energy projects. NYREDHC Trustees in September also approved Somers Solar, LLC to execute an Engineering, Procurement, and Construction contract, along with other related project contracts, for up to \$50 million, a portion of which will be funded by the intercompany loan facility.

NYREDHC plans to invest \$1.2 billion in renewable energy and storage projects from 2026 – 2029. NYREDHC expects to have several key sources of funds that will support this investment. NYPA is expected to contribute a total of \$200 million of equity in 2026 and 2027, which is in addition to the \$100 million released at the end of 2024. Further, the 2025-2026 Enacted State Budget contains a Sustainable Future Program (Section 75-0103 of the Environmental Conservation Law), which provides for “not less than \$200 million for renewable energy projects, including” renewable energy generating projects undertaken pursuant to Expanded Authority. NYREDHC is planning for \$200 million of the Sustainable Future Funds as a source of funds and expects the intercompany loan facility, tax credits for safe harbored projects, operating cashflow and project financing to provide the remaining capital necessary to construct the portfolio.

ROBOTICS PROGRAM

The Authority's Robotics Program has evolved into a multi-platform initiative supporting inspections and operations across generation, transmission, canals, and customer assets. The program now includes 130 Small Unmanned Aerial Systems a fixed-wing Vertical Take-Off and Landing aircraft, a pipe robot, and confined space systems, collectively enabling rapid condition assessments, faster incident response, and enhanced operational safety.



In 2025, the program successfully executed 2,161 missions, including 447 conducted through remote operations, totaling more than 60 flight hours. Through Federal Aviation Administration waivers, the Authority continues to pioneer advanced missions, including Beyond Visual Line of Sight operations. The program has also trained and certified 146 pilots across all Authority sites, reinforcing the principle that robotics serve as an extension of the workforce while enhancing safety, efficiency, and decision making.

Beyond its operational achievements, the award-winning program has expanded its community impact, leading nearly 63 STEM engagement events statewide. On July 27, 2023, the Board of Trustees authorized a \$37 million, five-year investment in the program. Following two years of demonstrated performance, the program received the remaining \$26 million on March 7, 2025.

d. SELF-ASSESSMENT OF BUDGETARY RISKS

Set forth below is a summary of key risks associated with the Authority's assets and operations. The following discussion of risks is intended only as a summary and does not purport to identify all the risk factors that may affect the Authority's assets and operations. Any one or more of the factors discussed and others could adversely affect the Authority's operations, assets, revenues, and expenses to an extent that cannot be determined at this time.

The Authority's business units represent the first line of defense in identifying and mitigating risk within each of their verticals. This is complemented by a robust, ongoing assessment process, overseen by the Authority's Risk and Resilience group and through legal review.

During the annual budgeting process, the Financial Planning and Analysis team consolidates information received from various departments at the Authority that is added to the financial forecast. The team engages and challenges all assumptions while working towards representing the most likely future financial outcome for the Authority. Additionally, the Board of Trustees authorized an enterprise-wide risk management program through an established Risk Management group that supports the business with identification, assessment, response, monitoring and reporting of risks.

The Authority's enterprise risk and resilience efforts are guided by the principles of ISO-31000 Risk Management and COSO Enterprise Risk Management and support risk-informed decision-making across the organization. The Authority's risk management framework utilizes a five-step risk lifecycle for managing risks: Identify, assess, respond, monitor, and report. Risks and opportunities can be identified from various sources. Examples of possible internal and external sources for risk identification include employees, benchmarking, contractors, industry-relevant reports, and professional networks. Methods to identify

risks include assessments, surveys, workshops, audits, business planning/brainstorming and incident response.

The Authority's risk management maintains a risk register and an enterprise governance, risk and compliance system. Risk assessments are typically performed using a risk rating matrix that maps impact and likelihood across several risk impact types and likelihood ranges.

Enterprise risks are reported by the risk management department to the Executive Risk and Resilience Management Committee and are included in a semiannual report to the Board of Trustees Risk and Resilience subcommittee.

Enterprise Level Risks

REGULATORY ENVIRONMENT RISKS

Congressional, state and regulatory action for the increased regulation of air, water and contaminants is periodically considered, and there are potential legislative and regulatory proposals which may affect the electric utility industry, including the Authority. It is not possible to predict whether any of such bills or other bills of a similar type which may be introduced will be enacted. In addition, from time to time, legislation is enacted into New York State law that purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to the Authority would depend upon, among other things, the Authority's operations if any such proposals are not predictable or quantifiable.

On July 18, 2019, the State enacted the CLCPA as Chapter 106 of the Laws of 2019 ("Chapter 106"). The date upon which most provisions of Chapter 106 will become effective are dependent on the date that related legislation becomes effective.

Several provisions of Chapter 106 could potentially impact the Authority's business and operations, such as the following: (1) provisions authorizing the state Department of Environmental Conservation to promulgate regulations establishing limits on statewide greenhouse gas ("GHG") emissions and to ensure compliance with such limits; (2) a requirement that specified state entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (3) a requirement that state entities, including the Authority, assess and implement strategies to reduce GHG emissions; (4) consideration of whether actions that the Authority would undertake in the course of its operations are consistent with state GHG emission limits that will be established pursuant the enactment; and (5) potential allocation or realignment of resources to support the state's clean energy and energy efficiency goals for disadvantaged communities.

Many of the provisions of Chapter 106 that could impact the Authority are not likely to be implemented for several years, based on deadlines established in the enactment. Therefore, the Authority cannot evaluate the impact of any

particular provision of Chapter 106 on the Authority's business and operations at this point.

LEGISLATIVE ENVIRONMENT RISKS

Section 1011 of the Act constitutes a pledge of the State to owners of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the owners thereof. Bills are periodically introduced into the State Legislature which propose to limit or restrict the powers, rights and exemption from regulation which the Authority possesses under the Act and other applicable law or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated hereby. It is not possible to predict whether any such bills or other bills of a similar type which may be introduced in the future will be enacted.

HYDROPOWER GENERATION RISK

The Authority's net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR power projects. The generation levels are a function of the hydrological conditions prevailing on the Great Lakes – primarily, Lake Erie (Niagara Power Project) and Lake Ontario (St. Lawrence-FDR Power Project). The long-term generation level at the two projects is approximately 21.4 terawatt-hours ("TWh") annually. The Authority's hydroelectric generation forecasts are as follows, 20.9 TWh in 2026, 21.0 TWh in 2027, 21.2 TWh in 2028, and 21.2 TWh in 2029. For every TWh movement, the estimated net income impact is approximately \$50 million based on market prices.

Environmental or external factors (e.g., climate change, precipitation, flooding and ice conditions) can cause hydrological conditions to vary considerably from year to year. Hydropower generation may also face risks due to transmission line constraints within the region that impact the ability to generate energy and increased competitiveness of other types of renewable generation.

SUSTAINED MARGIN REDUCTION AND COMMODITY MARKET PRICE VOLATILITY RISK

Through its participation in the NYISO and other commodity markets, the Authority is subject to electric energy price, fuel price, metal commodities price and electric capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Such volatility could impact the Authority's financials.

To moderate cost impacts to its customers and itself, the Authority, at times, hedges market risks via the use of financial instruments and physical contracts. Commodities hedged include natural gas, natural gas basis, aluminum, energy, capacity, and congestion costs associated with the transmission of electricity. Hedges mitigate the uncertainty

in the price of energy and related products sold or purchased by the Authority. Hedges made on behalf of the Authority's customers are passed through, at cost, as provided for in customer contracts.

DISRUPTIVE INNOVATION AND CUSTOMER ENERGY CHOICES

Transformative technologies and customer empowerment create uncertainty for the Authority and the electric utility industry that can produce new business opportunities or impact demand for electricity. Through its strategic planning and risk management processes, the Authority regularly evaluates its mission, objectives, and customer needs, and seeks to appropriately position itself to effectively meet the challenges of the transforming electric industry. This is done through the use of and constant re-evaluation of the Authority's long-term strategic plan, asset management strategy and a suite of customer solutions, including new/modified product offerings. The impact on the Authority's operations of any such industry transformation is not predictable or quantifiable.

ATTRACT, DEVELOP AND RETAIN A DIVERSE AND QUALIFIED WORKFORCE

Like many other industries, the power and utility sectors are seeing increased competition for, and a general shortage of, talent in high-skilled areas. This is expected to continue and be further impacted by transformations in the industry where new technologies are being developed and deployed. The Authority recognizes the uncertainty with being able to attract and retain the skills and competencies needed to meet objectives. The Authority regularly evaluates and positions its recruiting, talent development and benefits programs accordingly, through its workforce planning strategic initiative and other ongoing efforts.

CYBER AND PHYSICAL SECURITY

The federal government recognizes the electric utility industry as critical infrastructure and works closely with the industry to ensure awareness of ongoing threats and see that appropriate protections are in place against physical and cyber-attacks. The Authority constantly assesses the nature of these risks and adjusts its resources to best anticipate and respond to any threats.

Investments to harden physical and cyber assets, and their related infrastructure, are continually assessed to minimize potential adverse impacts to the Bulk Electric System, detect and deter sabotage attempts, and protect the Authority and its customer information. The Authority maintains a comprehensive cyber security program consisting of preventive and detective controls that are fully integrated into its digital ecosystem. The program includes extensive external partnerships with industry organizations and government agencies to share best practices as well as classified and unclassified threat intelligence to keep pace with the evolving threat landscape.

The program is continually re-evaluated to ensure the effectiveness of the controls. The Authority maintains compliance with North American Electric Reliability Corporation Critical Infrastructure Protection standards. In addition, the Authority engages a third party to conduct an annual independent assessment of enterprise program maturity against the National Institute of Standards and Technology Cyber Security Framework. The Authority further mitigates the financial impact resulting from a cyber event through the purchase of cyber insurance. Any cyber acts considered terrorism would be covered through the Authority's property policy and/or TRIA.

DATA MANAGEMENT

The Authority leverages its connectivity, analytics, and digital infrastructure to optimize physical and data assets, enable its workforce and empower customers. Collecting, managing, evaluating and protecting the increased data associated with enhanced digitization efforts introduces additional risk exposure. The Authority has classified its data risk based on risk tiers from its data protection policy and leverages an information architecture to visualize the systems in use. Cyber security solutions, as well as resiliency risk management planning tools, support the management of data at the Authority.

BUSINESS CONTINUITY

A catastrophic natural event, such as severe weather, flooding or an earthquake, can negatively affect the operations of the Authority's assets and the Bulk Electric System. The Authority regularly evaluates the resiliency of its assets. In addition, the Authority has implemented disaster planning programs relating to emergency management, disaster recovery and business continuity. These plans utilize an all-hazards approach to ensure the Authority's operating facilities and corporate offices are prepared to respond to any natural or man-made threat.

The Authority regularly conducts drills and exercises to ensure advance preparation for these types of events. The Authority maintains close working relationships with local first responders and government agencies to ensure its ongoing preparedness. An outbreak of disease or similar public health threat, such as a pandemic, or fear of such an event, could have an adverse impact on the Authority's financial condition and operating results.

FRAUD AND INSIDER THREAT

The Authority recognizes the potential of insider activities perpetrated by personnel who have or had authorized access to Authority facilities, information, or systems that could negatively impact the organization. Several functions across the Authority (e.g., Ethics and Compliance, Legal, Cyber Security, Physical Security, etc.) have controls in place that deter, detect, and mitigate discreet threats caused by insiders such as monitoring privileged users, managing remote access, limiting end points, enforcing separation of duties, and maintaining least privilege rights.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE, AND DIVERSITY, EQUITY AND INCLUSION

The Authority is accountable to stakeholders for effectively managing Environmental, Social and Governance and Diversity, Equity and Inclusion risks, as reflected in the Foundational Pillars for VISION2030 Renewed: Sustainability, People and Values, and Communities. Ineffective management may result in financial, reputational, or operational impacts. Through a strategic governance framework, the Authority elevates related concerns across leadership and business units, enabling oversight, implementation, and disclosure—advancing transparent sustainability practices, an inclusive and safety-first culture, and community-focused equity and engagement.

THIRD-PARTY PORTFOLIO

The Authority recognizes the potential risk exposure of its third-party portfolio. A limited supply base, supply chain disruption, geopolitical tensions, and changes in supplier laws and regulations can increase third-party risk exposure to the Authority if not managed adequately.

The Authority has a dedicated Strategic Supply Management team that works with other business units and third parties to understand their plans for local/domestic sourcing, in lieu of relying solely on manufacturing equipment from overseas, to identify readily available alternatives and increase business resiliency.

The Authority maintains focus on key supplier relationships to ensure quality products and services are delivered.

In addition to key suppliers and supply chain management the Authority is also expanding its use of third-party arrangements such as partnerships and joint ventures. Engaging in joint ventures allows us to leverage the complementary strengths, resources and expertise of our partners, leading to enhanced competitive advantage and access to new markets. However, the Authority recognizes that joint ventures come with risks, such as potential conflicts of interest, cultural and operational differences, and the complexities of shared decision-making. To mitigate these risks, the Authority prioritizes thorough due diligence, clear communication and well-defined agreements to ensure alignment of goals.

CANAL CORPORATION

The Authority has identified key risk areas relating to the Canal Corporation and continues to employ and assess risk mitigation options across multiple enterprise risk fronts to manage or reduce potential exposures. Managing risk is one of the Canal Corporation's highest priorities as risk management is practiced at all levels of the organization. The Canal Corporation's risk management policies and protocols are designed to ensure that risks are identified, understood, communicated and documented, and that controls to avoid or mitigate out-of-tolerance risks are in

place. Fully understanding risks involves assessing the impact and likelihood of an undesirable occurrence.

The Canal Corporation's approach to asset and risk management has continually evolved since joining NYPA. The Canal Corporation has enhanced its structural inspection program and expanded its asset management program. The Canal System now averages 500 structural inspections per year and is further bolstered by the inspection and risk-based work of NYPA's Dam Safety team. This essential source of information feeds the Canal Corporation's approach to asset management, which, has been formally assessing asset risk statewide since 2021 by holding quarterly long-range planning risk meetings.

This framework and cadence have guided the Canal Corporation through a period of change management to adopt robust risk management practices and policies, similar to those modeled at NYPA. As part of the Canal Corporation's ongoing management strategy, the Authority will adjust and allocate resources accordingly.

PANDEMIC

The COVID-19 pandemic changed societal and business operation norms and impacted the risk profiles of organizations globally. The Authority continues to mitigate this risk through proactive and robust pandemic response plans. The Authority is well positioned to address future pandemic and business concerns by employing mitigation strategies such as an incident command system, business continuity plans, remote work policies, and return to work procedural and physical modifications.

CRITICAL INFRASTRUCTURE

The Authority is exposed to potential critical infrastructure failure that may lead to service disruption, injury and/or degradation of system reliability, all of which could impact financial results. The Authority engages in several activities to mitigate these risks, including the recertification of the ISO 55001 Asset Management certificate, the purchase of insurance, redundancy of major equipment, capital investments and a robust operations maintenance program.

Furthermore, the rigor of the Authority's asset management best practices has improved consistent use of data to understand asset health and enhanced monitoring of asset conditions to allow the Authority to prioritize investment based on risk. This has ensured that the Authority is prepared for energy industry transformations that are imminent to support meeting the State's environmental goals.

WORKFORCE HEALTH AND SAFETY

The Authority is exposed to a variety of health and safety risks. The health and safety of the Authority's workforce, customers, contractors, and the citizens of New York State are of the highest priority to the Authority. The Authority has multiple levels of controls, policies, procedures, and

training programs to reduce and/or eliminate health and safety risks to the public and its workforce.

Litigation Risk

ST. REGIS LITIGATION

In 1982 and again in 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits (the St. Regis litigation) against the State, the governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority, and others, claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. The islands are within the boundary of the Authority's St. Lawrence-FDR Project and Barnhart Island is the location of significant project facilities. Settlement discussions were held periodically between 1992 and 1998. In 1998, the federal government intervened on behalf of all Mohawk plaintiffs.

The parties agreed to a land claim settlement, dated February 1, 2005, which if implemented would have included, payment by the Authority of \$2 million a year for 35 years to the tribal plaintiffs and the provision of up to 9 MW of low-cost Authority power for use on the reservation. The legislation required to effectuate the settlement was never enacted and the litigation continued.

In 2013, all claims against the Authority were dismissed and the lawsuit against the Authority was concluded. A Notice of Appeal was filed but the appeal was stayed and never perfected. On May 28, 2014, the State, the St. Regis Mohawk Tribe, St. Lawrence County, and the Authority executed a Memorandum of Understanding ("St. Regis MOU") that outlined a framework for the possible settlement of all the St. Regis land claims. In the St. Regis MOU, the Authority endorses a negotiated settlement that, among other terms and conditions, would require the Authority to pay the St. Regis Mohawk Tribe \$2 million a year for 35 years and provide up to 9 MW of its hydropower at preference power rates to serve the needs of the St. Regis Mohawk Tribe's reservation.

In June 2023, the governor signed legislation (S.7566/A.7759) authorizing the State to execute a land claims settlement agreement consistent with the St. Regis MOU. Subsequently, the remaining parties informed the court that they had resolved their differences and agreed on a settlement framework. This framework has been formalized into a written final land claim settlement agreement, which was agreed to and signed by the plaintiff, St. Regis Mohawk Tribal Council on December 12, 2024. Given that the plaintiff accepted the offer made by the defendants, the Authority accrued a \$26 million liability in 2024 based on the net present value of future payments to reflect its commitment to the payments outlined in the agreement.

In September 2025, the governor announced that the State reached a settlement agreement with the St. Regis

Mohawk Tribe that is consistent with the St. Regis MOU. The settlement agreement requires, among other things, that the Authority make annual payments of \$2 million for 35 years, totaling \$70 million, and provide up to 9 MW of its lowest cost power to the St. Regis Mohawk Tribe. The St. Regis MOU would require an Act of Congress to forever extinguish all Mohawk land claims prior to such a settlement becoming effective.

HELICOPTER INCIDENT NEAR THE AUTHORITY'S TRANSMISSION LINES IN BEEKMANTOWN, NEW YORK

The Authority contracted with Northline Utilities, LLC ("Northline") to install fiber optic ground wire along the Authority's transmission system. Thereafter, Northline entered into a contract with Catalyst Aviation, LLC ("Catalyst") for helicopter services. In 2018, a Catalyst helicopter was destroyed when it collided with a wooden utility pole and power lines near Beekmantown, New York. Members of the helicopter crew were injured, and two members of that crew died as a result of their injuries. The Authority has received two notices of claim arising out of this incident. The Authority has pursued insurance coverage under Northline's insurance policies that name the Authority as an additional insured. The Authority tendered its defense of these Notices of Claim to Northline's insurer, and the insurer has accepted the Authority's tender. The Authority believes that there exists sufficient insurance coverage to cover these claims. In any event, to the extent that the insurance coverage limitations are insufficient, Northline is responsible under the defense and indemnification provisions of its contract with the Authority. The Authority's outside counsel moved for Summary Judgment which was granted in full by the Trial Court. The plaintiffs have appealed to the Appellate Division, Second Department. The appeal is now fully briefed and oral argument was held on May 29, 2025 and the parties are waiting for the court to issue its decision.

MISCELLANEOUS

Additional actions or claims against the Authority are pending for the taking of property in connection with its projects, for negligence, for personal injury (including asbestos-related injuries), in contract, and for environmental, employment and other matters. All such other actions or claims will, in the Authority's opinion, be disposed of within the amounts of the Authority's insurance coverage, where applicable, or the amount which the Authority has available therefore and without any material adverse effect on its business. While the Authority cannot presently predict the outcome of the matters described above or any related litigation, the Authority believes it has meritorious defenses and positions with respect thereto. However, adverse decisions of a certain type in the matters discussed above could adversely affect Authority operations and revenues.

e. REVISED FORECAST OF 2025 BUDGET

Revised Forecast of 2025 Budget (In \$ Millions)

	Original Budget 2025	Revised Forecast 2025	Variance Favorable / (Unfavorable) 2025
Operating Revenues			
Generation Revenue	\$926.3	\$1,078.3	\$152.0
Ancillary Service Revenue	37.0	54.6	17.7
Transmission and Other	321.6	367.4	45.8
Separately Financed Projects Net Income	78.7	87.3	8.6
Non-Utility Revenue	67.9	79.0	11.1
Pass-Through Revenue	<u>1,906.2</u>	<u>2,218.5</u>	<u>312.3</u>
Total Operating Revenues	3,337.6	3,885.1	547.5
Operating Expenses			
Purchased Power	(12.5)	(48.9)	(36.4)
Fuel Consumed - Oil and Gas	(35.3)	(47.5)	(12.2)
Transportation and Delivery	(96.8)	(96.4)	0.4
Pass-Through Expense	(1,906.2)	(2,218.5)	(312.3)
Operations and Maintenance	(690.7)	(712.2)	(21.5)
Other Expenses	<u>(108.6)</u>	<u>(195.6)</u>	<u>(87.0)</u>
Total Operating Expenses	(2,850.1)	(3,319.1)	(469.0)
NET OPERATING INCOME	487.5	565.9	78.4
Non-Operating Income and Expenses			
Depreciation and Amortization	(357.3)	(347.3)	10.0
Investment and Other Income	76.3	99.0	22.7
Canals Grant Proceeds	0.0	4.4	4.4
Interest and Other Expenses	<u>(35.2)</u>	<u>(37.9)</u>	<u>(2.7)</u>
Total Non-Operating Income and Expenses	(316.3)	(281.9)	34.4
NYPA/CANALS/SFP/CAPTIVE NET INCOME	\$171.2	\$284.0	\$112.9

Revised Forecast of 2025 Budget
(In \$ Millions)

	Original Budget 2025	Revised Forecast 2025	Variance Favorable / (Unfavorable) 2025
Operating Revenues			
Generation Revenue	<u>\$0.1</u>	<u>\$0.0</u>	<u>(\$0.0)</u>
Total Operating Revenues	0.1	0.0	(0.0)
Operating Expenses			
Operations and Maintenance	(5.0)	(0.4)	4.6
Other Expenses	<u>0.0</u>	<u>0.4</u>	<u>0.4</u>
Total Operating Expenses	(5.0)	0.0	5.0
NET OPERATING INCOME	(5.0)	0.0	5.0
Non-Operating Income and Expenses			
Depreciation and Amortization	(0.3)	(0.2)	0.1
Investment and Other Income	0.0	4.6	4.6
Interest and Other Expenses	<u>(0.0)</u>	<u>1.2</u>	<u>1.2</u>
Total Non-Operating Income and Expenses	(0.4)	5.6	6.0
NYREDHC NET INCOME	(\$5.3)	\$5.6	\$11.0

f. RECONCILIATION OF 2025 BUDGET AND 2025 REVISED FORECAST

As of September 2025, year-end net income is forecasted to be \$290 million, which is \$124 million above budget. This variance is primarily due to higher transmission revenues and higher generation revenues, driven by favorable power prices and increased generation. Sustained higher interest rates have contributed to higher investment income due to fewer than anticipated interest rates cuts by the Fed, which are partially offset by higher operating expenses primarily driven by contributions to NYPA's monetized funds, as a result of higher-than-budgeted energy costs.

g. STATEMENT OF 2024 FINANCIAL PERFORMANCE

Net Income - Actual vs. Budgeted for the Year Ended December 31, 2024 (In \$ Millions)

	Budget 2024	Actual 2024	Variance Favorable / (Unfavorable) 2024
Operating Revenues			
Generation Revenue	\$843.2	\$958.8	\$115.6
Ancillary Service Revenue	41.9	38.0	(3.9)
Transmission and Other	351.5	279.6	(71.9)
Separately Financed Projects Net Income	42.7	107.0	64.3
Non-Utility Revenue	42.3	50.4	8.0
Pass-Through Revenue	<u>1,928.4</u>	<u>1,910.7</u>	<u>(17.7)</u>
Total Operating Revenues	3,250.1	3,344.5	94.4
Operating Expenses			
Purchased Power	(14.3)	(28.8)	(14.5)
Fuel Consumed - Oil and Gas	(36.2)	(31.9)	4.3
Transportation and Delivery	(95.3)	(94.9)	0.4
Pass-Through Expense	(1,928.4)	(1,910.7)	17.7
Operations and Maintenance	(661.9)	(666.2)	(4.2)
Other Expense	<u>(85.6)</u>	<u>(88.6)</u>	<u>(3.1)</u>
Total Operating Expenses	(2,821.8)	(2,821.2)	0.6
NET OPERATING INCOME	428.4	523.3	95.0
Non-Operating Income and Expenses			
Depreciation and Amortization	(316.8)	(338.7)	(21.9)
Investment and Other Income	59.3	74.7	15.4
Interest and Other Expenses	<u>(48.8)</u>	<u>(100.7)</u>	<u>(51.8)</u>
Total Non-Operating Income and Expenses	(306.4)	(364.7)	(58.3)
NYPA/CANALS/SFP/CAPTIVE NET INCOME	\$122.0	\$158.6	\$36.6

SUMMARY OF 2024 FINANCIAL PERFORMANCE

The Authority had a net income of \$159 million for the year ended December 31, 2024, compared to budgeted net income of \$122 million, an increase of \$37 million. The 2024 variance is primarily due to favorable power prices, and lower-than-budgeted fuel transactions associated with the Authority's fossil fleet. These increases are partially offset by higher depreciation expense and higher other expenses, driven by the settlement of the St. Regis litigation.

h. EMPLOYEE DATA – NUMBER OF EMPLOYEES, FULL TIME, FTEs, AND FUNCTIONAL CLASSIFICATION

Headcount Projections 2026 – 2029

	2026	2027	2028	2029
Enterprise	818	836	853	870
Operations	1,402	1,431	1,461	1,490
Transmission	305	312	318	325
Total NYPA¹	2,525	2,579	2,632	2,685
Canal Corporation	537	537	537	537
Total NYPA and CANAL CORPORATION	3,062	3,116	3,169	3,222

¹Estimated positions including vacancies subject to authorization.

i. GAP-CLOSING INITIATIVES – REVENUE ENHANCEMENT OR COST – REDUCTION INITIATIVES

When building a multi-year operating plan, the Authority has developed contingency plans to adapt to unforeseen changes in its financial results. The Authority projects positive net income for the 2026 - 2029 period, constructed upon a level of expenses outlined within this Four-Year Financial Plan. If that net income projection materially changes during the forecast period, the Authority will take actions if deemed appropriate.

j. MATERIAL NON-RECURRING RESOURCES – SOURCE AND AMOUNT

Except as discussed elsewhere in this report, there are no material non-recurring resources expected in the 2026 - 2029 period. Matters identified in this report including the risk sections may cause material non-recurring resources over the next four years.

k. SHIFT IN MATERIAL RESOURCES

The Authority's Act was amended in 2023 to, among other things, provide the Authority with the power to create one or more subsidiaries for the purpose of financing, developing and operating renewable energy generating projects in support of the State's renewable energy goals established in the New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019. Pursuant to such authority, NYPA formed NYREDHC as a subsidiary under the New York Business Corporation Law, the shares of which are wholly owned by the Authority. On May 1, 2025, NYPA executed a shared services agreement with NYREDHC under which NYREDHC will be required to reimburse NYPA for costs of providing services. On September 23, 2025, the Authority authorized an intercompany loan facility of up to \$100 million to NYREDHC.

I. DEBT SERVICE

New York Power Authority Projected Debt Outstanding (FYE) (In \$ Thousands)

	2026	2027	2028	2029
General Bond Resolution Revenue Bonds ¹	\$1,684,630	\$2,034,630	\$2,034,630	\$2,034,630
Commercial Paper Notes	\$500,000	\$500,000	\$500,000	\$500,000
Grand Total	\$2,184,630	\$2,534,630	\$2,534,630	\$2,534,630

¹2027 includes \$350 million in new tax exempt and taxable bonds.

Separately Financed Projects Projected Debt Outstanding (FYE)

(In \$ Thousands)

	2026	2027	2028	2029
Transmission Resolution Revenue Bonds ^{1,2}	\$1,306,245	\$1,772,450	\$1,715,390	\$1,908,840
Grand Total	\$1,306,245	\$1,772,450	\$1,715,390	\$1,908,840

¹2027 includes \$500 million in new tax-exempt bonds for Propel NY.

²2029 includes \$250 million in new tax-exempt bonds for Uniondale Hub Substation.

The Authority Debt Service as Percentage of Pledged Revenues (Accrual Based)¹

(In \$ Thousands)

	2026		2027		2028		2029	
	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue
Revenue Bonds	\$47,287	1%	\$51,725	1%	\$69,108	2%	\$73,756	2%
Commercial Paper Notes	\$15,000	0%	\$15,000	0%	\$15,000	0%	\$15,000	0%
Grand Total Debt Service	\$62,287	2%	\$66,725	2%	\$84,108	2%	\$88,756	2%

Debt Service Coverage Ratio²	14.9x	14.9x	11.2x	11.3x

¹2026 - 2029 includes capitalized interest expense.

²Includes Long-Term Debt Only, Excluding Separately Financed Projects and Canals Grant Proceeds.

SFP Debt Service as Percentage of Pledged Revenues (Accrual Based)¹

(In \$ Thousands)

	2026		2027		2028		2029	
	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue
Transmission Resolution Revenue Bonds	\$98,390	33%	\$119,974	34%	\$111,519	32%	\$98,560	30%
Grand Total Debt Service	\$98,390	33%	\$119,974	34%	\$111,519	32%	\$98,560	30%

Debt Service Coverage Ratio	2.4x	2.3x	2.5x	2.7x

¹2026 - 2029 includes capitalized interest expense.

The Authority Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt¹
(In \$ Thousands)

Year	Principal	Interest	Total
2026	\$0	\$69,108	\$69,108
2027	\$0	\$69,108	\$69,108
2028	\$0	\$69,108	\$69,108
2029	\$3,889	\$69,108	\$72,996

Proposed Debt

Year	Principal	Interest	Total
2026	\$0	\$0	\$0
2027	\$0	\$2,316	\$2,316
2028	\$0	\$18,128	\$18,128
2029	\$760	\$18,128	\$18,888

Total Debt

Year	Principal	Interest	Total
2026	\$0	\$69,108	\$69,108
2027	\$0	\$71,424	\$71,424
2028	\$0	\$87,236	\$87,236
2029	\$4,649	\$87,236	\$91,884

¹2026 – 2029 excludes capitalized interest expense.

SFP Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt¹
(In \$ Thousands)

Year	Principal	Interest	Total
2026	\$36,768	\$61,623	\$98,390
2027	\$56,995	\$59,784	\$116,779
2028	\$54,585	\$56,935	\$111,519
2029	\$40,476	\$54,205	\$94,681

Proposed Debt

Year	Principal	Interest	Total
2026	\$0	\$0	\$0
2027	\$0	\$3,194	\$3,194
2028	\$0	\$25,000	\$25,000
2029	\$2,282	\$26,597	\$28,879

Total Debt

Year	Principal	Interest	Total
2026	\$36,768	\$61,623	\$98,390
2027	\$56,995	\$62,979	\$119,974
2028	\$54,585	\$81,935	\$136,519
2029	\$42,758	\$80,803	\$123,560

¹2026 - 2029 excludes capitalized interest expense.

The Authority Planned Use of Debt Issuances
(In \$ Millions)

	Amount	Interest Rate	Project / Description
Period January 1, 2026 – December 31, 2026			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2026	\$0		
Period January 1, 2027 – December 31, 2027			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$300	5%	Transmission, Enterprise
Taxable Revenue Bonds	\$50	5%	Robert Moses Power Plant
Total Issued 2027	\$350		
Period January 1, 2028 – December 31, 2028			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2028	\$0		
Period January 1, 2029 – December 31, 2029			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2029	\$0		

SFP Planned Use of Debt Issuances¹
(In \$ Millions)

	Amount	Interest Rate	Project / Description
Period January 1, 2026 – December 31, 2026			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2026	\$0		
Period January 1, 2027 – December 31, 2027			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$500	5%	Propel New York
Taxable Revenue Bonds	\$0	0%	
Total Issued 2027	\$500		
Period January 1, 2028 – December 31, 2028			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2028	\$0		
Period January 1, 2029 – December 31, 2029			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$250	5%	Uniondale Hub Substation
Taxable Revenue Bonds	\$0	0%	
Total Issued 2029	\$250		

¹ Note: The full faith and credit of the Authority are pledged for the payment of bonds and notes in accordance with their terms and provisions of their respective resolutions. The Authority has no taxing power, and its obligations are not debts of the State or any political subdivision of the State other than the Authority. The Authority's debt does not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority.

m. CAPITAL COMMITMENTS AND SOURCES OF FUNDING

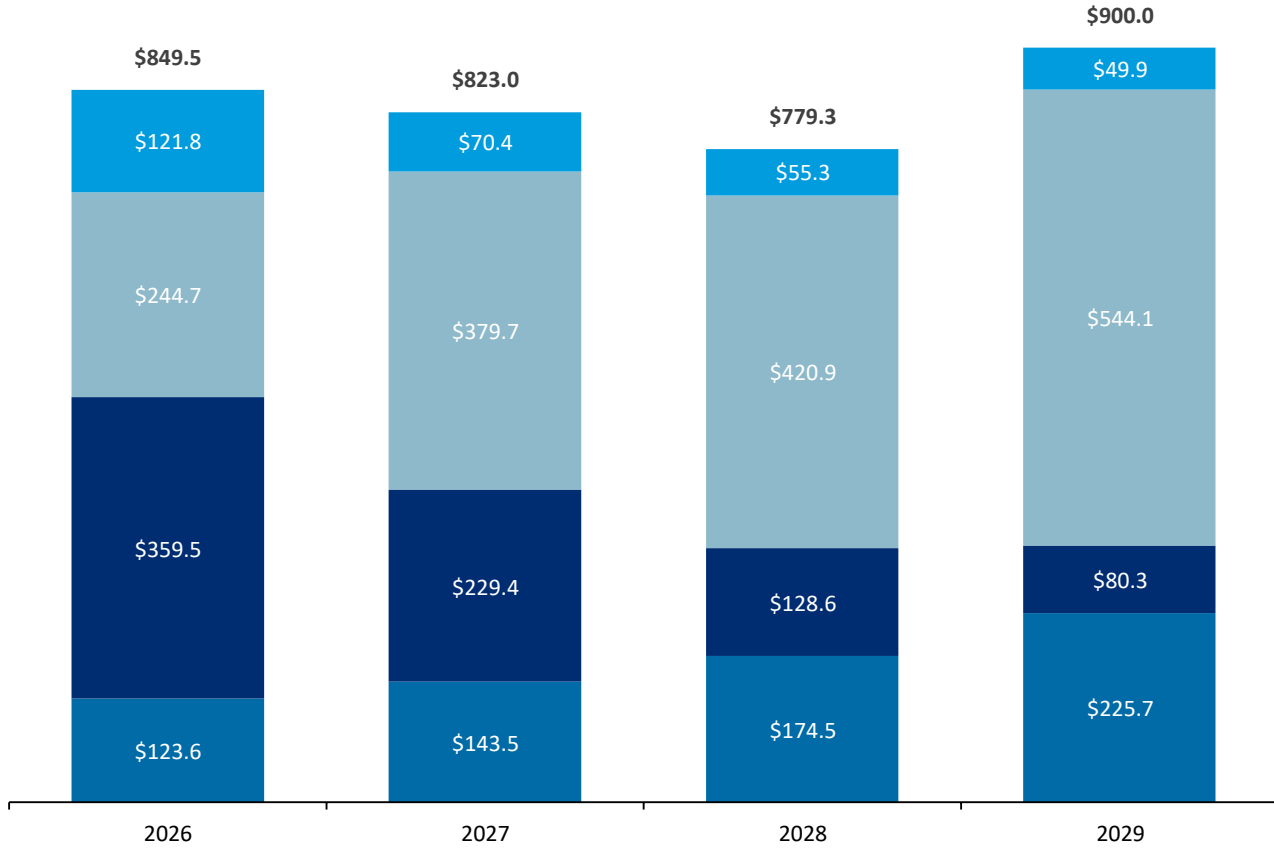
The Authority's commitments for various capital improvements are approximately \$3.4 billion over the financial period 2026 - 2029. The Authority anticipates these improvements will be funded with existing construction funds, internally generated funds and additional borrowings. Canal Corporation capital investments are contingent on additional funding opportunities through state and federal programs. Additionally, the Authority projects to spend approximately \$1.3 billion on Energy Efficiency Services projects for its customers, which will be separately financed. NYREDHC projects to invest \$1.2 billion over the upcoming four-year period, of which NYPA is expected to contribute a total of \$200 million of equity in 2026 and 2027. The NYREDHC capital program and associated projects will be financed through non-recourse project-level financing using tax-exempt financing to the maximum amount allowed, where applicable. Projected capital commitments during this period include those listed in the table below:

2026 - 2029 Capital Commitments by Function (In \$ Millions)

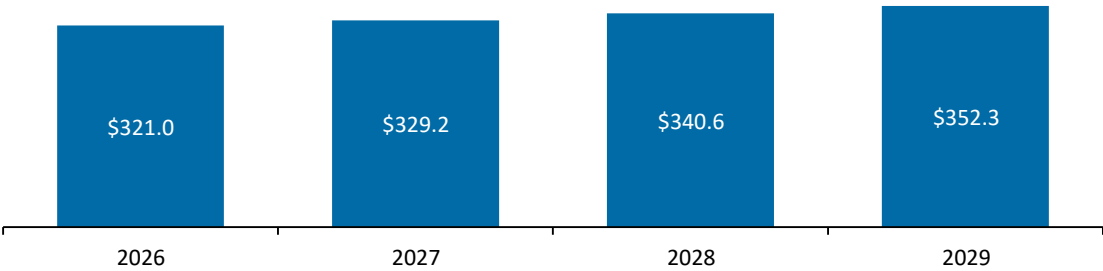
	2026	2027	2028	2029
Generation				
NextGeneration Niagara	\$32.9	\$6.8	\$6.8	\$20.9
Robert Moses Superstructure Bridge Replacement	1.6	1.3	13.9	50.8
St. Lawrence 90 and 300 Ton Crane Replacements	4.5	20.5	14.7	24.8
Long Sault Dam Capital Program	0.6	17.9	17.9	17.9
NYPA/Ontario Power Generation Regulatory Asset Program	9.8	12.6	13.3	10.5
Joint Works Massena Canal Dam	9.2	12.6	12.6	0.5
Niagara End of Life Runner Replacement Program	0.0	2.2	10.1	10.1
Blenheim-Gilboa Visitor Center Upgrade	3.8	10.5	5.5	0.3
Robert Moses Cooling Water System Upgrades	1.7	10.3	4.3	0.0
Other Generation	59.5	48.7	75.3	90.0
Transmission				
Transmission Business Development	5.2	60.0	140.0	325.0
Propel NY Energy	56.5	114.2	114.0	113.9
Uniondale Hub Substation Upgrade	70.4	65.6	76.6	54.6
Transmission Life Extension and Modernization ("T-LEM")	28.6	31.5	35.5	4.5
Smart Path Connect	30.5	28.4	0.0	0.0
Clark Energy Center 1A 765kV Autotransformer	5.1	15.2	5.7	0.0
Fraser to Utica Communications Connect	0.5	17.4	0.0	0.0
Critical Capital Spares Program	0.3	1.7	3.4	10.1
St. Lawrence 13.8kV Switchgear & Relay Replacement	2.2	5.8	5.4	0.5
Other Transmission	45.5	39.9	40.3	35.4
Enterprise Investments				
White Plains Office Building Facilities	139.0	59.0	0.0	0.0
Digitalization & Technology Platforms	128.7	27.9	17.7	4.0
Asset Management & Resilience	29.3	76.7	44.4	24.2
Information Technology Programs	37.7	39.2	40.9	42.7
Serve Customers & Decarbonize NYS	24.8	26.7	25.6	9.4
Revitalize the New York State Canal System				
Revitalize the New York State Canal System	121.8	70.4	55.3	49.9
Total NYPA and Canal Corporation	\$849.5	\$823.0	\$779.3	\$900.0
Energy Efficiency Services	\$321.0	\$329.2	\$340.6	\$352.3
New York Renewable Energy Development Holdings Company	\$236.3	\$425.8	\$414.3	\$90.6

2026 - 2029 Capital Commitments by Function
(In \$ Millions)

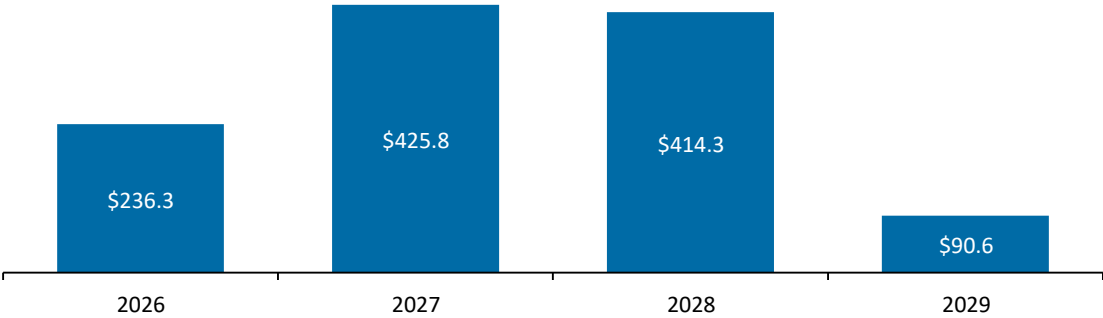
■ Generation ■ HQ ■ Transmission ■ Canal Corporation



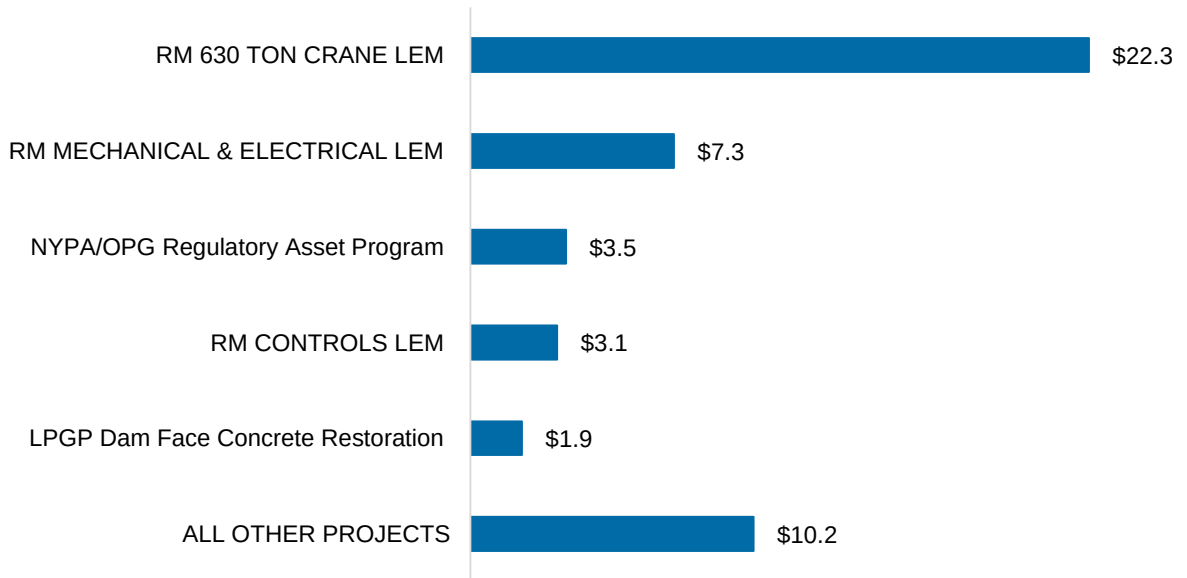
2026 - 2029 Energy Efficiency Services Capital Commitments
(In \$ Millions)



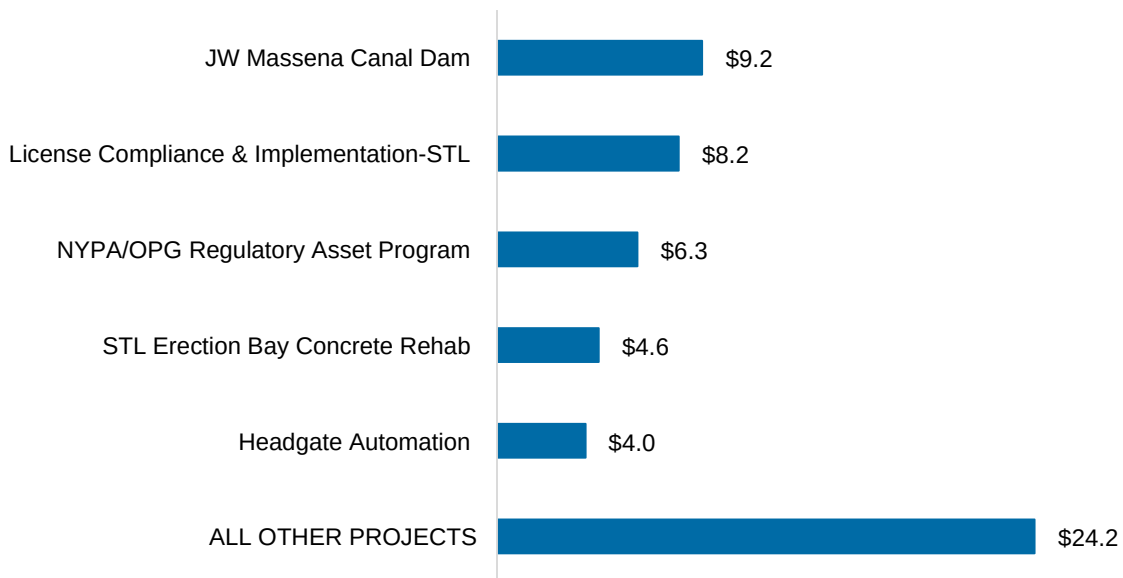
2026 - 2029 New York Renewable Energy Development Holding Company
Capital Commitments
(In \$ Millions)



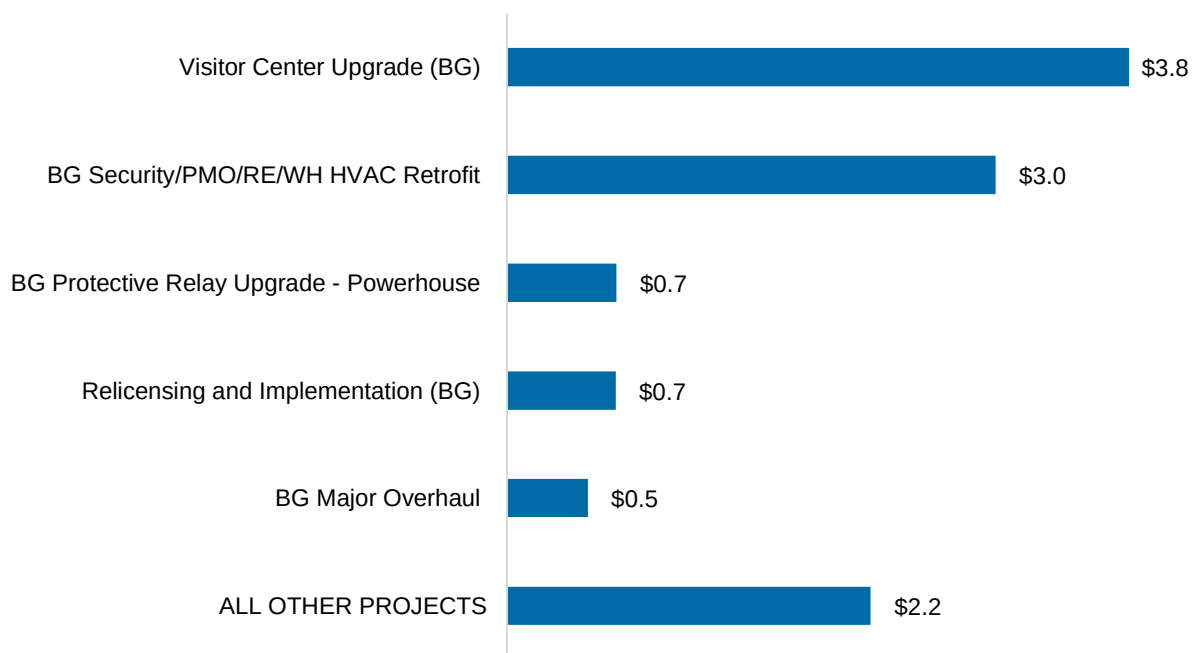
Niagara Capital Projects: \$48.3M



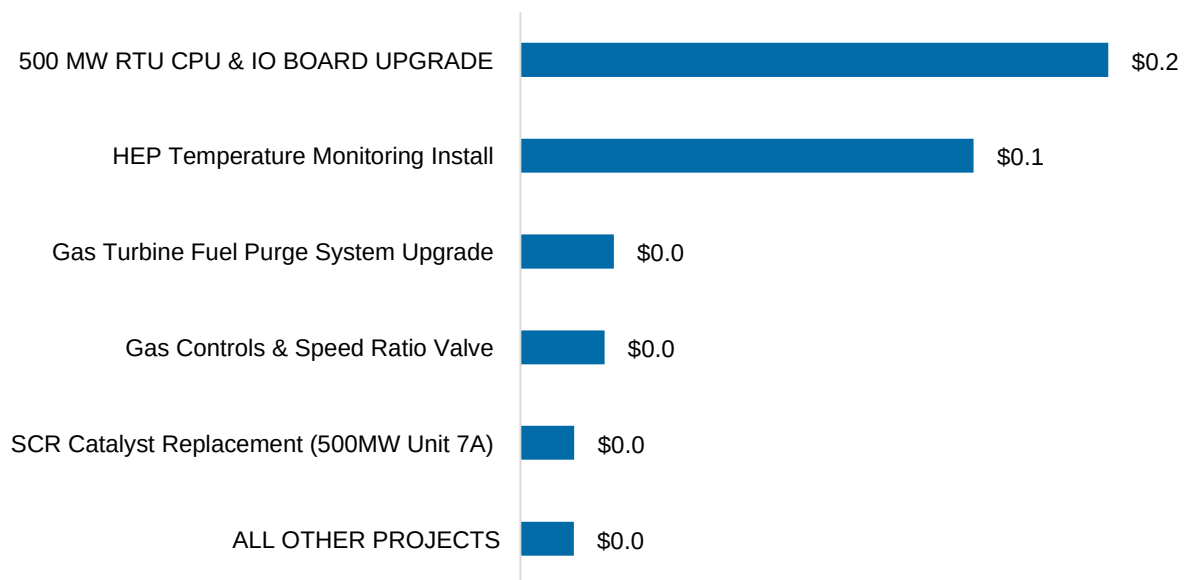
St. Lawrence Capital Projects: \$56.4M



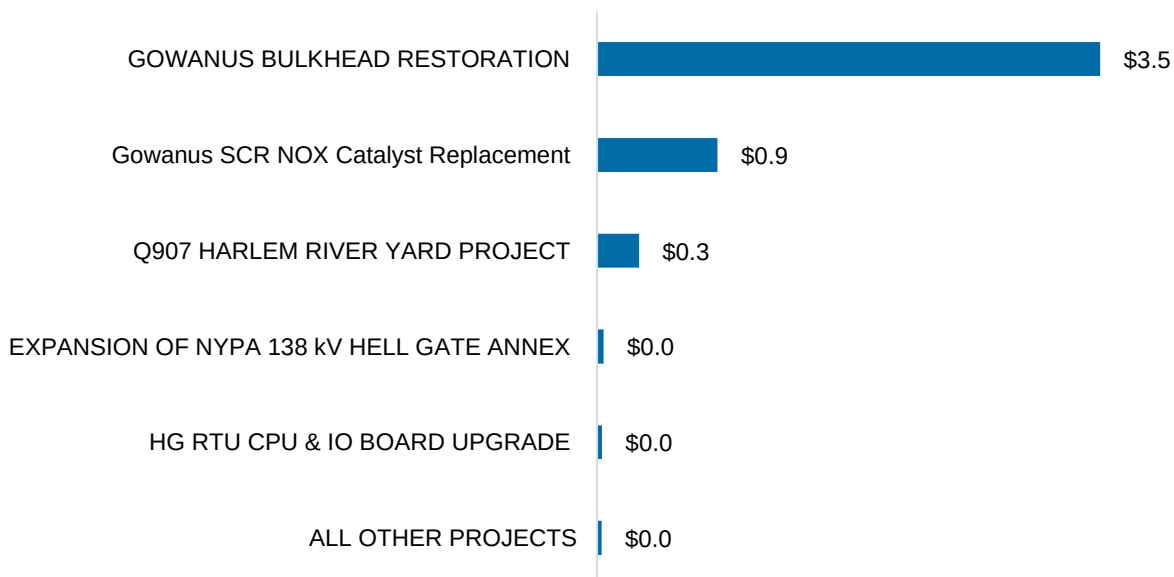
Blenheim-Gilboa Capital Projects: \$10.8M



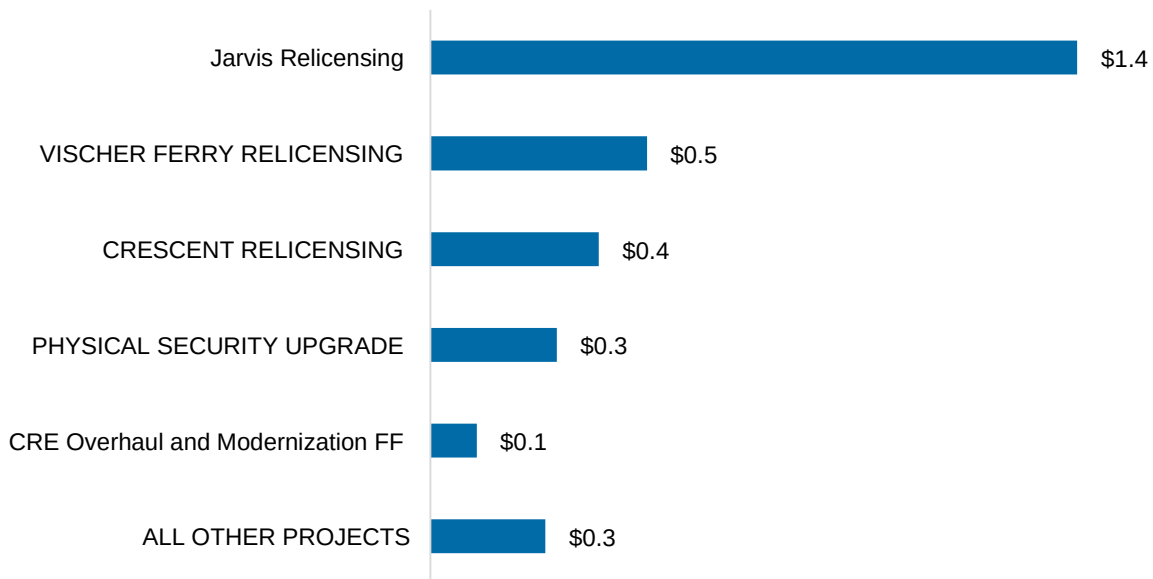
Zeltmann Capital Projects: \$0.4M



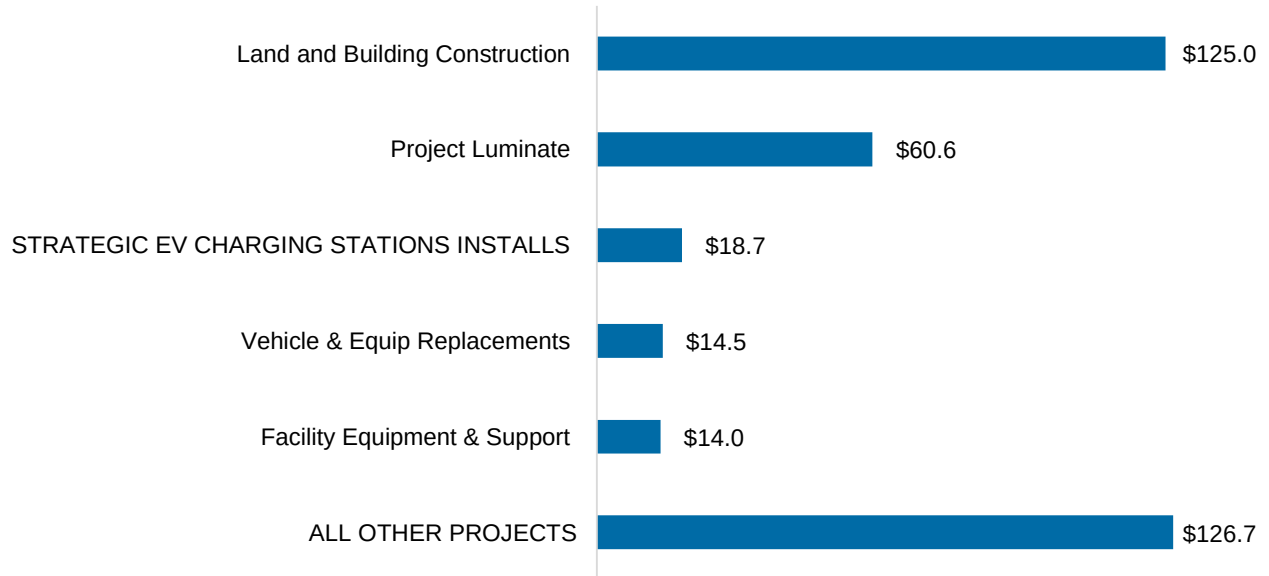
SNGPP Capital Projects: \$4.8M



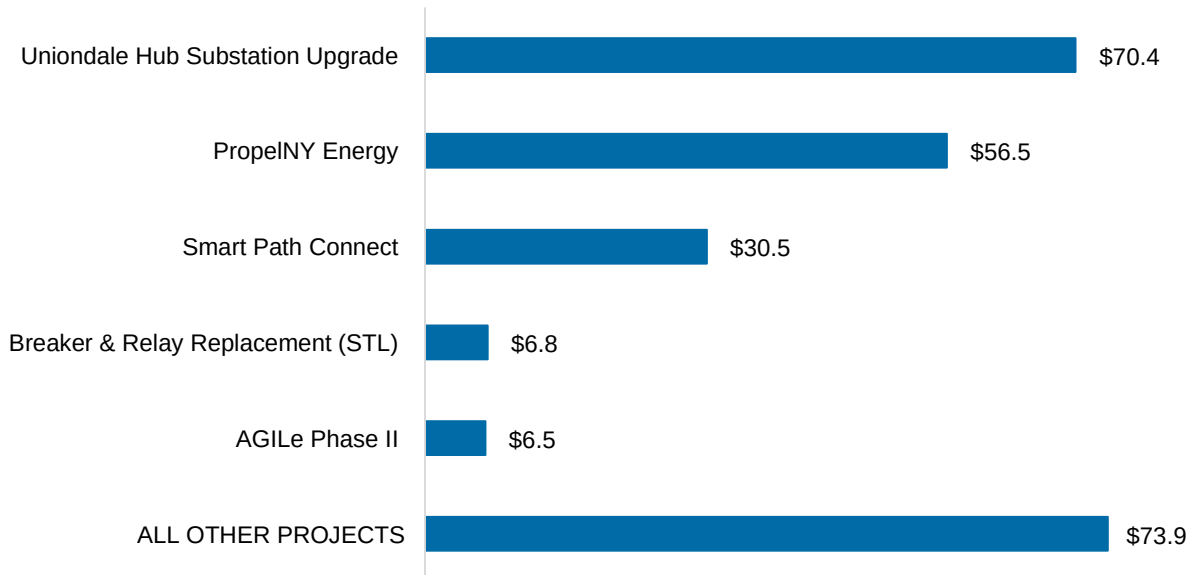
Small Hydro Capital Projects: \$2.9M



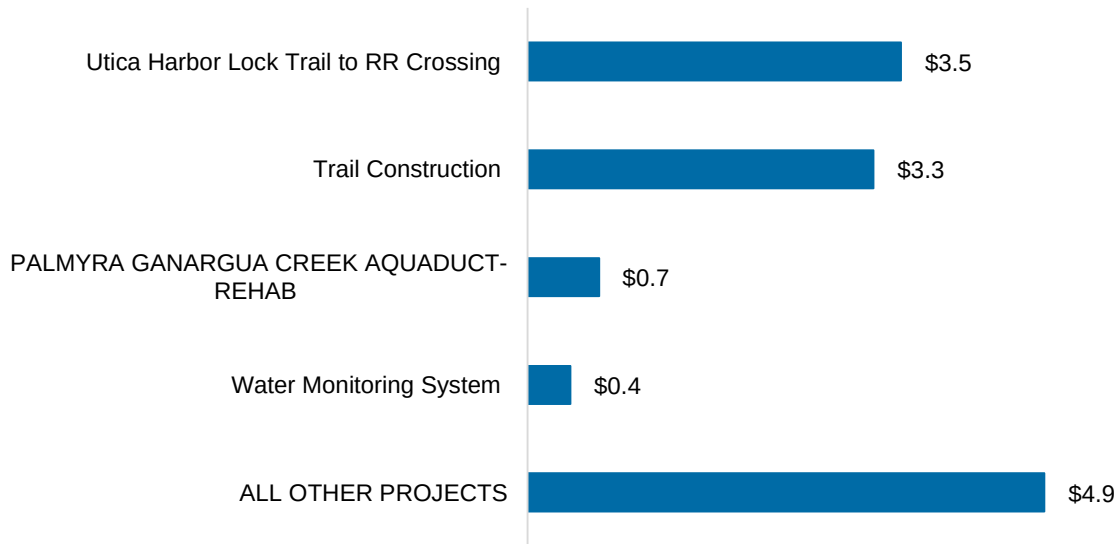
Enterprise Investments Capital Projects: \$359.5M



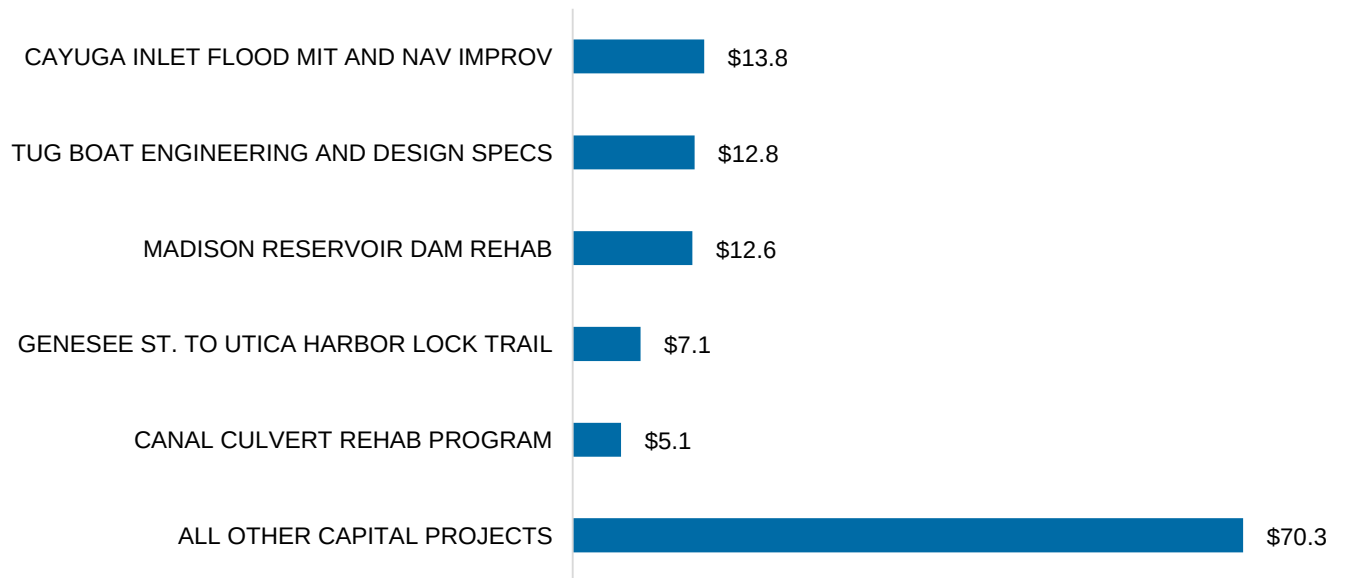
Transmission Capital Projects: \$244.7M



Revitalize the Canals Capital Projects: \$12.7M



Canals Capital Projects \$121.8M



n. CREDIT AGENCY RATING DISCUSSION

Maintaining a strong relationship with the capital markets is central to NYPA's operations. In 2025, Fitch Ratings and Kroll Bond Rating Agency ("KBRA") affirmed the Authority's General Bonds Resolution long-term rating of 'AA' and 'AA+', respectively, both with stable outlooks. In 2024, Moody's Investor Services ("Moody's") upgraded the General Bond Resolution long-term rating to 'Aa1' from 'Aa2' with a stable outlook. In 2024, S&P Global Ratings affirmed the Authority's General Bond Resolution 'AA' long-term rating with a stable outlook. These ratings are among the highest ratings awarded to U.S. public electric utilities, enabling the Authority to finance capital projects on favorable terms.

The Authority issues long-term bonds pursuant to the General Bond Resolution. That resolution applies to all NYPA's projects, defined broadly as any facility, system, equipment or material related to the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel (whether owned jointly or singly by NYPA). However, "Project" excludes any "Separately Financed Project" as that term is defined in the General Bond Resolution.

Under the covenants of the General Bond Resolution, the Authority agrees that it will at all times maintain rates, fees or charges – and structure its power sale, transmission or distribution contracts – so that (together with other moneys, including the anticipated proceeds of future obligations, but excluding any proceeds from the sale of any Project) its revenues will be sufficient, (i) to pay all Operating Expenses, (ii) to pay the debt service on all outstanding Obligations, Subordinated Indebtedness, Parity Debt and Subordinated Contract Obligations, as they become due; and (iii) to maintain any reserve required by the General Bond Resolution (in such amount as the Authority may determine).

Net revenues (i.e. after operating expenses, reserves for working capital, grants, and compliance) are applied first to interest, principal or redemption of Obligations issued under the General Bond Resolution and to Parity Debt issued under that Resolution.

The General Bond Resolution also allows, subject to Board of Trustees approval, withdrawals from the Operating Fund (in excess of amounts needed for operating expenses, debt service and subordinated obligations) for any lawful corporate purpose, including retirement of Obligations issued under the General Bond Resolution.

To support the Aa1/ AA/ AA/ AA+ bond ratings and all of the benefits they confer to NYPA and its customers, the Authority maintains certain benchmark targets consistent with peer-rated entities. In 2011, the Authority's Board of Trustees adopted a policy statement regarding voluntary contributions, transfers, or other payments to the State. The policy refers to a reference point (not a binding covenant) of maintaining a debt service coverage ratio of at least 2.0x in deciding whether to make such disbursements. The Board of Trustees retains discretionary authority to modify or eliminate that policy.

In 2022, the Authority adopted the Transmission Bond Resolution (a bond resolution distinct from the General Bond Resolution) to finance designated "SFP Transmission Projects" (i.e. projects that are "Separately Financed Project" under the General Bond Resolution and an "SFP Transmission Project" under the "Transmission Bond Resolution"). These are transmission/distribution projects (whether owned or leased) that the Authority has designated as subject to the separate financing framework.

In 2025, Fitch Ratings and KBRA affirmed the 'AA-' and 'AA' underlying rating, respectively, to the Authority's SFP Transmission Project Revenue Bonds, both with stable outlooks. In 2024, Moody's upgraded the SFP Transmission Project Revenue Bonds to 'Aa3' from 'A1', with stable outlook. S&P does not assign an underlying rating on the SFP Transmission Project Revenue Bonds.

**Certification of Assumptions and Method of Estimation for
Approved 2026 Budget and 2026-2029 Financial Plan in accordance
with the Comptroller's Regulation § 203.9 Certification**

December 9, 2025

To the Board of Trustees

Power Authority of the State of New York

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the Approved 2026 Budget and 2026-2029 Financial Plan" is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.

Joseph Kessler

Chief Operating Officer

Adam Barsky

Chief Financial Officer



123 Main Street
White Plains, NY 10601-3170

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**NY Power
Authority**

**Canal
Corporation**



**NY Power
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Memorandum

Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Hydroelectric Preference Power Rates – Notice of Adoption

SUMMARY

The New York Power Authority (“NYPA” or “Authority”) Board of Trustees (“Board of Trustees”) are requested to approve a Notice of Adoption (“NOA”) to increase the rates for Preference Power supplied from the Niagara and St. Lawrence Hydroelectric Projects (“Hydro Projects”) per the proposed rate plan commencing April 1, 2026 (“2026 Rate Plan”). Such rates are based on cost-of-service principles and apply to hydroelectric sales to forty-seven municipal electric systems, four rural electric cooperatives, three upstate investor-owned utilities (for the benefit of their residential customers), the “Neighboring States” customers,¹ two transportation authorities, and the Niagara Project relicensing customers (collectively, “Customers”). In total, 1,457 MW of firm and firm peaking hydropower are provided to customers at the Preference Power rates.

The 2026 Rate Plan reflects the same rates as proposed at the September 23, 2025 Board of Trustees meeting, which approved a Notice of Proposed Rulemaking (“NOPR”) process subject to 60-day public comment. In addition to the public comment process, the Authority held two public forums to obtain the views of interested parties. Authority staff’s analysis of public comments, which is summarized herein and included in the Staff Report attached hereto, determined no adjustment to the rate plan proposed in September 2025 was warranted. This proposed rate action will implement the first Preference Power rate increase since May 2014 and will represent less than a 3% annual increase on total bills for end-use customers each year of the 2026 Rate Plan.

The Board of Trustees are also requested to direct the Corporate Secretary to file the NOA with the New York State Department of State for publication in the *New York State Register* (“*State Register*”) in accordance with the requirements of the State Administrative Procedure Act (“SAPA”).

¹ These sales are made to the bargaining agents on behalf of municipal utilities located in Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont.

Concurrent with this rate action, NYPA is also commencing a contract modification process under N.Y. Public Authorities Law (“PAL”) § 1009 to incorporate necessary rate methodology changes to NYPA’s Customer contracts that are consistent with the 2026 Rate Plan.

BACKGROUND

As explained in the September 23, 2025 memorandum, in 2011 the Board of Trustees approved a four-year rate plan to increase Preference Power rates over the period from December 1, 2011 through May 31, 2014. As this was the last rate modification plan authorized by the Board of Trustees, the May 2014 rates have remained in effect ever since. A rate modification is now needed to recover capital investments in the Hydro Projects, as well as increased operation and maintenance (“O&M”) expenses, and allocated administrative and general (“A&G”) costs associated with the Hydro Projects. The Rate Stabilization Reserve (“RSR”) is a contractual mechanism the Authority uses to ensure rate stability, and which also provides guidance on ratemaking. The RSR balance is determined on an annual basis and calculates the difference between actual costs and revenues collected through Preference Power rates. Based on recent RSR calculations, the Authority is not recovering its costs under the existing Preference Power rates.

At their September 23, 2025, meeting, the Board of Trustees authorized publication in the *State Register* of a NOPR to increase Preference Power rates as part of a 2026 Rate Plan that reflects the lowest rates the Authority can implement. The attached December 2025 Staff Report (“Staff Report”, attached as Exhibit A) includes the Authority staff’s Hydro Cost of Service (“COS”) presented at the September Board meeting that set forth the estimated costs required to serve the Customers from the Authority’s Hydro Projects. Details of the COS study are shown in Appendix B of the Staff Report. The Staff Report also explains the changes to the ratemaking methodologies in the COS and RSR, and addresses comments received during the public comment period.

To help mitigate Customer bill impacts, the 2026 Rate Plan introduces a gradual increase in rates over a six-year period from April 1, 2026, through March 31, 2032. Additionally, in recognition of ratemaking methodology changes as described in the Staff Report and their anticipated inclusion in modified contracts, the RSR balance as of December 31, 2025 will be set to zero. Last, the 2026 Rate Plan also includes a rate design in which 50% of each year’s increase will be recovered through the demand rate and 50% of each year’s increase will be recovered through the energy rate.

The Authority has actively engaged with its Customers through their associations or representatives, provided transparency on technical analytics, communicated the need for a rate change, and gathered Customer feedback and support for the proposed rate change. Much of the

Customer feedback arose from the Authority's December 2024 Preference Power rate action, which NYPA ultimately withdrew. This memorandum discusses how the 2026 Rate Plan addresses certain aspects of the 2024 proposal. A fuller explanation of these issues is contained in the Staff Report.

Customers were notified of the current Preference Power NOPR on September 24, 2025. The NOPR was published in the *State Register* on October 8, 2025, together with notices of public forums on this rate proposal to be held for the purpose of obtaining views of interested parties.

Public forums were held in Niagara and Albany on November 18, 2025, and November 20, 2025, respectively. The forums were conducted in accordance with the Authority's policies and procedures. NYPA staff received comments from members of the public at those forums.

The Authority also received two written comments submitted to the NYPA Corporate Secretary addressing the 2026 Rate Plan.

The public comments, including comments received at the public forums, are discussed briefly below and also addressed in the more detailed Staff Report. The transcript of the public forums and written comments are included in the attached Appendix C of the Staff Report.

DISCUSSION

A. Overview of 2026 Rate Plan

The components of NYPA's 2026 Rate Plan are discussed below. Appendix B to the Staff Report includes the Hydro COS that sets forth the estimated costs required to serve the Customers from the Authority's Hydro Projects.

1. Hydro COS

The Hydro Projects' costs, net of merchant unforced capacity ("UCAP") and ancillary services revenues, are \$326 million, \$360 million, \$359 million, \$369 million, \$380 million, and \$394 million for the 2026 to 2031 calendar years, respectively (line 13 of Appendix B). Since the 2011 Rate Plan and through 2024, NYPA has invested approximately \$1.2 billion in plant and equipment in the Hydro Projects. NYPA has also initiated its Next Generation Niagara Modernization and Digitization Project ("NextGen Niagara"), a capital investment program to replace end of life assets with new and modern plant and equipment, with an expected total cost of \$1.1 billion over the 2017 through 2039 period (\$200 million has been incurred through 2024). These investments, along with increases in NYPA's hydroelectric O&M expenses and allocated A&G expenses, necessitate this 2026 Rate Plan.

Implementing group depreciation accounting, a change in methodology now commonplace in the electric utility industry, has made the Modified Trended Original Cost/Original Cost ("MTOC/OC") capital cost recovery methodology utilized in prior rate plans no longer feasible. In the 2026 Rate Plan, NYPA proposes to adopt a more traditional ratemaking methodology of rate base times cost of capital for determining its capital recovery. Moving forward, the cost of capital will be defined as NYPA's cost of long-term debt. NYPA's debt cost, currently 4.4%, represents a lower cost of capital than would otherwise result from the MTOC/OC method, and produces a more modest rate increase to customers. The capital recovery model is addressed in more detail in the Staff Report.

2. Rate Stabilization Reserve

The RSR, a contractual mechanism as discussed above, tracks the under-recovery or over-recovery of actual Hydro COS relative to the costs collected in the Preference Power rates. The RSR balance as of December 31, 2024 is an under-recovery of \$51 million. In recognition of ratemaking methodology changes as described herein and their anticipated inclusion in modified contracts, the RSR balance as of December 31, 2025 will be set to zero. Any RSR balances accrued through the 2026 Rate Plan shall be addressed after the 2026 Rate Plan.

As part of the 2026 Rate Plan, some additional changes will be reflected in base rates and RSR balances, including:

- a) Managing A&G and O&M expenses at the projected amounts.

- b) The UCAP credit to the Hydro COS will be based on revenues received from the sale of merchant UCAP to the New York Independent System Operator (“NYISO”) from capacity auctions or from bilateral arrangements with other parties. For bilateral arrangements with other parties, the UCAP credit will be determined based on an equally weighted average of the NYISO capacity auction prices.
- c) The treatment of ancillary services will now be the same as the treatment of merchant UCAP revenues, wherein actual ancillary services revenues are credited to the Hydro COS.
- d) The ReCharge New York (“RNY”) Program will no longer be normalized as the Program is nearly fully subscribed.

The above changes, particularly limitations on NYPA’s recovery of A&G and O&M, represent a reduced revenue requirement relative to the one contemplated in the 2024 proposal, and produce a more modest rate increase for Customers. NYPA’s proposed UCAP crediting methodology provides additional value to Customers not contemplated in the 2024 proposal.

3. Ratemaking Methodologies

The Hydro COS continues several of the ratemaking methodologies adopted by the Trustees in their April 2003 final rate action and agreed to by Customers who were active parties to the 2003 Preference Power rate proceeding, continued in NYPA’s 2007 Preference Power rate proceeding, and used again (with modifications) in the adoption of the 2011 Rate Plan. Some of the previous methodologies are proposed to be discontinued and replaced with updated and revised methodologies. The methodologies and principles employed in the 2026 Rate Plan that are changes from previous practice include:

- a) The Authority’s capital costs to include the Hydro rate base times the Authority’s actual cost of long-term debt, which will replace the MTOC/OC methodology.
- b) Revised RSR methodology to incorporate the new capital cost recovery methodology, crediting of Ancillary Services and merchant UCAP revenues to the Hydro COS, and the elimination of RNY normalization, as explained above.
- c) Use of a five-year average of actual generation at the Hydro Projects in place of the Authority’s traditional long-term average generation.

As noted above, NYPA staff requests the Board of Trustees to authorize, concurrent with this recommendation to adopt final rates, a contract modification process under PAL § 1009 and for staff to return to the Board to seek final approval of modified contracts in advance of the April 1, 2026 commencement date for the revised rates.

The 2026 Rate Plan would continue to employ a number of existing rate methodologies and principles, including:

- a) The Preference Power rates for generation produced at the Hydro Projects and sold to wholesale customers for the benefit of domestic and rural consumers shall be the “lowest rates reasonably possible” as referred to in the federal Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and ensure their resale to end-users at the “lowest possible price” as referred to in PAL § 1005(5).
- b) The Authority shall recover in its rates the “cost of generation, plus capital and operating charges” or any other charge permitted under PAL § 1005(5).
- c) Melding of St. Lawrence Project and Niagara Project costs for ratemaking purposes.
- d) Recovery in rates of all prudent Hydro Project relicensing costs incurred by the Authority in the exercise of its broad discretion.
- e) The ‘labor/labor’ method (i.e. labor ratios) adopted by the Authority’s Trustees on December 18, 2001 and incorporated into the January 2003 Report on Hydroelectric Production Rates (‘January 2003 Report’) for the allocation of A&G costs.
- f) Continuation of the existing practice of retaining excess revenues from the sale of generation after the Preference Power rate is set, as allowed under existing statutes, precedents and contracts.
- g) Use of the RSR methodology, as revised herein, to continue tracking any under-collection or over-collection of the Authority’s Hydro COS.

B. Staff Report and Analysis of Public Comments on 2026 Rate Plan

On September 24, 2025, Preference Power Customers were notified that the Authority’s Trustees had authorized a proposed rulemaking process for the 2026 Rate Plan. The notice also informed Customers of the public comment period, commencing October 8, 2025, and closing December 8, 2025, and two public forums to be held for the purpose of obtaining the views of interested parties.

At the public forums, three individuals spoke in support of the 2026 Rate Plan: (i) Travis Dubois, Vice President and Superintendent of Public Works for the Village of Sherburne, delivered on behalf of the New York Association of Public Power (“NYAPP”); (ii) Andrew McMahon, Superintendent of the Town of Massena Electric Department, delivered on behalf of NYAPP; and (iii) James Stokes,

Executive Director of the Municipal Electric Utilities Association (“MEUA”), who delivered remarks at both of the public forums.²

A written comment was submitted by the Neighboring States customers, which indicated their comfort with the main points of the 2026 Rate Plan, but asked for clarification concerning the Authority’s long-term cost of debt calculation and the duration of the rate methodologies. Another written comment was submitted in opposition to the 2026 Rate Plan, filed by an attorney on behalf of Lawrence Sloan.

NYPA notes that the proposed 2026 Rate Plan has garnered support from key customer constituencies, namely MEUA and NYAPP, organizations that together represent fifty-one Preference Power customer entities. These customers have statutory entitlements to receive the largest share of NYPA’s Preference Power sales made for the benefit of domestic and rural electricity consumers: 764.8 MW of firm hydropower and associated energy sold from the Niagara Project. MEUA and NYAPP spoke out against the prior 2024 proposal, but in their comments on the 2026 Rate Plan the MEUA and NYAPP representatives stated that NYPA was able to address their concerns and significantly moderate the earlier proposed increases, meeting statutory requirements while ensuring that NYPA has the resources necessary to invest in its hydroelectric project assets.

The Neighboring States customers asked whether NYPA’s long-term cost of debt is a “weighted average.” NYPA confirms that this calculation is a weighted average. In response to their second question, NYPA clarifies that the rate methodologies addressed in the 2026 Rate Plan are meant to extend beyond the term of current contracts, except in two discrete areas, namely that 2025-2031 A&G and O&M projected expenses will not be subject to annual reconciliation in the RSR mechanism. These customers will be afforded an opportunity to review proposed contract revisions in accordance with NYPA’s contract modification process which, as noted above, is being initiated concurrently with this Notice of Adoption. These issues are addressed more fully in the Staff Report.

One comment in opposition was submitted by an attorney claiming to represent Lawrence Sloane, an individual whose interest in NYPA’s 2026 Rate Plan is not clear or established (“Sloane Comment”). The Sloane Comment seeks to maintain the MTOC/OC methodology on the basis that the NYPA’s 2026 Rate Plan methodology contravenes legal precedents by producing a Preference Power rate that exceeds “cost.” As explained more fully in the Staff Report, the 2026 Rate Plan methodology actually lowers rates relative to the MTOC/OC methodology, and as the Sloane Comment provides no legal basis for its assertion, this comment should be rejected.

² Other statements delivered at the public forums did not relate to the 2026 Rate Plan.

SUMMARY OF FINAL RATE PROPOSAL

For the reasons summarized above and described in detail in the Staff Report, Authority staff recommend that the Preference Power rates proposed in the September 2025 NOPR be adopted and approved as shown below in Table 1.

Table 1
2026 Rate Plan
2026-2031

<u>Rate Year</u> <u>Beginning</u>	<u>Demand Rate</u> <u>\$/kW-month</u>	<u>Energy Rate</u> <u>\$/MWh</u>	<u>Effective Rate at</u> <u>70% Load Factor</u>
<u>Current</u>	<u>4.07</u>	<u>4.92</u>	<u>12.88</u>
<u>4/1/2026</u>	<u>4.50</u>	<u>5.76</u>	<u>14.57</u>
<u>4/1/2027</u>	<u>4.93</u>	<u>6.61</u>	<u>16.25</u>
<u>4/1/2028</u>	<u>5.36</u>	<u>7.45</u>	<u>17.94</u>
<u>4/1/2029</u>	<u>5.79</u>	<u>8.29</u>	<u>19.63</u>
<u>4/1/2030</u>	<u>6.22</u>	<u>9.14</u>	<u>21.32</u>
<u>4/1/2031</u>	<u>6.65</u>	<u>9.98</u>	<u>23.00</u>

Electric bill impacts based upon the above rates are shown in Appendix A of the Staff Report. For a typical end-use customer of a municipal or cooperative system with electric usage of less than 1,500kWh, bill impacts under the rate plan are estimated to be about \$1-2 per month—or less than 3% on their total electric bill. A typical New York State residential home uses approximately 600 kWh per month.

FISCAL INFORMATION

Implementation of the 2026 Rate Plan and the related schedule of rate increases would allow the Authority to recover the costs associated with serving the customers subject to the Preference Power rates. NYPA's estimated revenue increases for each year of the 2026 Rate Plan relative to current rates are shown below in Table 2:

Table 2
Estimated Revenue Impacts (\$ in Millions)
2026 Rate Plan

Calendar Year	Increase from Current Rates
2026	\$9M
2027	\$22M
2028	\$35M
2029	\$48M
2030	\$61M
2031	\$74M

RECOMMENDATION

The Executive Vice President and Chief Financial Officer requests that the Board of Trustees authorize the Corporate Secretary to file a Notice of Adoption in the *New York State Register* for the adoption of the Hydroelectric Preference Power rate increase contained in the 2026 Rate Plan.

It is also recommended that the Vice President – Economic Development & Key Account Management, or his designee, be authorized to issue written notice of the proposed actions to the affected customers.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution in the form of the attached draft resolution.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file a Notice of Adoption as may be required with the Secretary of State for publication in the *New York State Register* and to submit such other notice as may be required by statute or regulation concerning the Preference Power rate increase; and be it further

RESOLVED, That the Vice President – Economic Development & Key Account Management, or their designee be, and hereby is, authorized to issue written notice to affected customers of this hydroelectric Preference Power rate action; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



KATHY HOCHUL
Governor

**NY Power
Authority**

JOHN R. KOELMEL
Chairman

JUSTIN E. DRISCOLL
President and Chief Executive Officer

New York Power Authority

December 2025 Staff Report Recommending Adoption of Final Rates

Hydroelectric Preference Power Rates – 2026 Rate Plan

April 2026 through March 2032

Including:

Appendix A – Preference Power Customer Impacts

Appendix B – Hydro Cost of Service

Appendix C – Public Forum Transcript and Public Comments

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**New York Power Authority
December 2025 Staff Report
Recommending Adoption of Final Rates**

I. Executive Summary

Preference Power is a portion of the hydroelectricity sold by New York Power Authority (“Authority” or “NYPA”) from its Niagara and St. Lawrence/FDR Hydroelectric Projects (individually, “Niagara Project” and “St. Lawrence Project,” and collectively, the “Hydro Projects”) for sale and distribution for the benefit of the “people as consumers, particularly domestic and rural consumers” as defined in the Niagara Redevelopment Act, 18 U.S.C § 836(b)(1) (“NRA”). Similarly, the New York Public Authorities Law § 1005(5) (“PAL”) directs NYPA to use the Hydro Projects “primarily for the benefit of the people of the state” and in furtherance of this policy make provision so that “municipalities and other political sub-divisions of the state . . . authorized by law to engage in the distribution of electric power” secure a reasonable share of the power generated by the Hydro Projects. NYPA’s sales of hydroelectricity at the Preference Power rates in Table 1 apply to forty-seven municipal electric systems and four rural electric cooperative customers located in-state (collectively, “NY Munis & Coops”), the neighboring states customers¹, three upstate investor-owned utilities (for the benefit of their residential customers), two transportation authorities, and the Niagara Project relicensing customers.

Under the 2011 Rate Modification Plan (“2011 Plan”), new rates commenced December 1, 2011, with subsequent increases on May 1, 2012, May 1, 2013, and May 1, 2014. The NYPA Board of Trustees (“Trustees”) approved this Plan on November 15, 2011. The 2011 Plan rates, which accomplished a phase-in to fully cost-based rates in 2014, are noted below in Table 1. Because this was the last rate modification plan authorized by the Board of Trustees, the May 1, 2014 Preference Power rate has remained in effect.

¹ Municipal utilities located in Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont. NYPA contracts with the designated bargaining agents for each of the seven neighboring states.

Table 1
2011 Rate Modification Plan
2011-2014

Rate Year Beginning	Demand Rate (\$/kW-Month)	Energy Rate (\$/MWh)	Effective Rate (\$/MWh) ²
12/1/2011	3.26	4.92	11.30
5/1/2012	3.57	4.92	11.91
5/1/2013	3.91	4.92	12.57
5/1/2014	4.07	4.92	12.88

Since the 2011 Plan and through 2024, NYPA has invested over \$1.2 billion in plant and equipment in the Hydro Projects. NYPA has also initiated its Next Generation Niagara Modernization and Digitization Project (“NextGen Niagara”), a capital investment program to replace end of life assets with new and modern plant and equipment, with an expected cost of \$1.1 billion over the 2017 through 2039 period (\$200 million incurred through 2024). These investments, along with increases in NYPA’s hydroelectric operation and maintenance expenses and allocated administrative and general expenses, have increased and are expected to increase NYPA’s Hydroelectric Cost of Service (“Hydro COS”), necessitating a rate change.

The Rate Stabilization Reserve (“RSR”) is a contractual mechanism NYPA uses to ensure rate stability, and which also provides an assessment on whether Preference Power rates are recovering the Hydro COS. The RSR balance is determined on an annual basis and calculates the difference between actual costs and revenues collected through Preference Power rates. Based on recent RSR calculations, the Authority is under-recovering its costs with the existing Preference Power rates.

Consistent with the 2011 Plan, NYPA has continued to conduct annual meetings with representatives of the NY Munis & Coops regarding the actual Hydro COS and RSR calculations. During the past few years, NYPA has communicated the need to implement a rate change to recover the costs of capital improvement projects at the Hydro Projects and other related, increased costs. As discussed in its September 23, 2025 Trustee memorandum, NYPA proposed a Preference Power rulemaking in December 2024. NYPA received critical feedback to its rate proposal, which it ultimately withdrew in March 2025 due to affordability concerns. NYPA addressed those concerns through numerous communications with customer associations, which included transparency on technical analytics and on the need for a change in rates. Through those engagements, NYPA proposes the instant plan to adjust the rates applicable to Preference Power rate customers (“Customers”).

² Effective Rate at 70% load factor.

At their September 23, 2025 meeting, the Trustees authorized a notice of proposed rulemaking (“NOPR”) for a six-year rate plan to increase the Preference Power rates commencing April 1, 2026 (“2026 Rate Plan”). The 2026 Rate Plan smooths the increases in the COS rates over the period April 1, 2026 through March 31, 2032, and sets the December 31, 2025 RSR balance to zero. Any RSR balances accrued through the 2026 Rate Plan will be addressed after the conclusion of the 2026 Rate Plan. The Preference Power rates proposed under NYPA’s 2026 Rate Plan are as follows:

Table 2
2026 Rate Plan
2026-2031

Rate Year Beginning³	Demand Rate (\$/kw-Month)	Energy Rate (\$/MWh)	Effective Rate (\$/MWh)⁴
Current Rates	4.07	4.92	12.88
April 1, 2026	4.50	5.76	14.57
April 1, 2027	4.93	6.61	16.25
April 1, 2028	5.36	7.45	17.94
April 1, 2029	5.79	8.29	19.63
April 1, 2030	6.22	9.14	21.32
April 1, 2031	6.65	9.98	23.00

For a typical end-use customer of a municipal or cooperative system with electric usage of less than 1,500 kWh per month, annual bill impacts under the rate plan are estimated to be about \$1 to \$2 per month—or less than 3% on their total electric bill. A typical New York State residential home uses approximately 600 kWh per month. Customer electric bill impacts based upon the above rates are shown in Appendix A.

II. Background

In December 2024, for the first time since 2014, NYPA proposed a rulemaking to increase Preference Power rates. This proposed rulemaking included a four-year phase-in of increases, with a decrease in year five to the projected Hydro COS. In March 2025, NYPA withdrew the 2024 proposed Preference Power rulemaking in response to affordability concerns raised by Governor Kathy Hochul and several customer groups.

³ For the 2026 Rate Plan, the rate years will be established as April 1 of the calendar year indicated to March 31 of the following year.

⁴ Effective rate at 70% load factor.

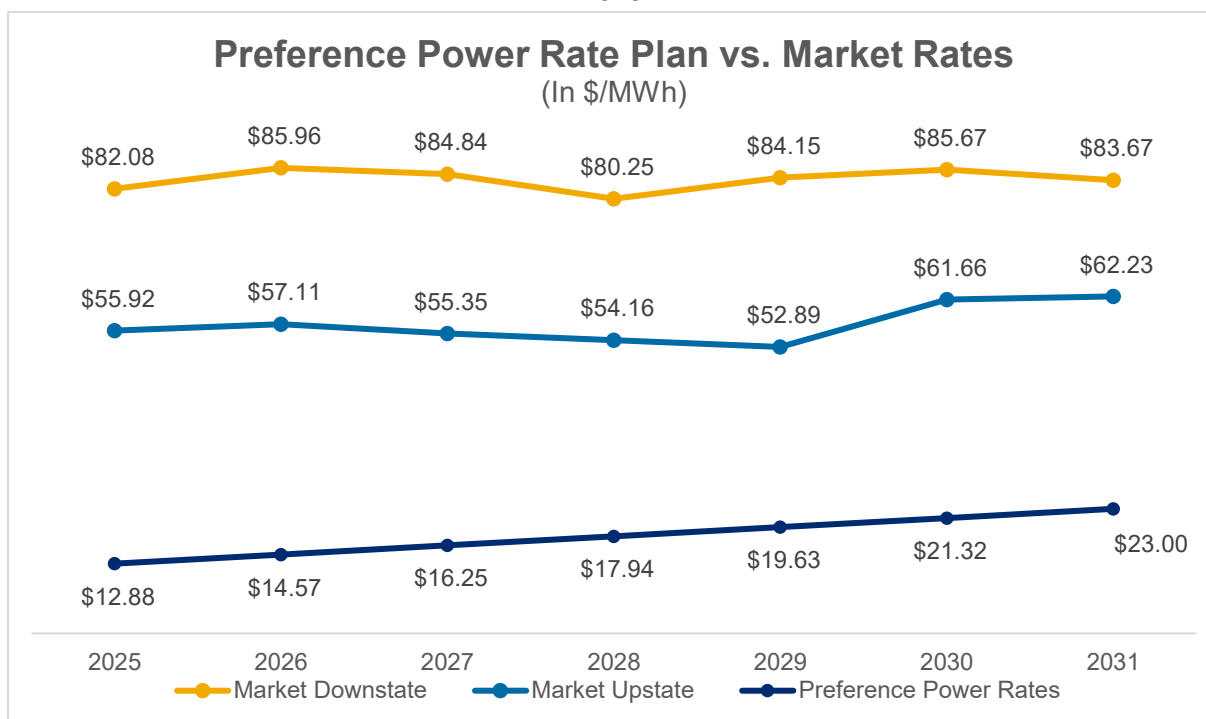
Subsequently, at the request of its Customers, NYPA actively re-engaged with its Customers through their associations or representatives, by providing continued transparency on technical analytics, communicating the need for a rate change, and gathering Customer feedback and support for the proposed rate change.

The 2026 Rate Plan reflects lower rates than NYPA originally proposed in 2024, addresses Customer feedback expressed during the prior rulemaking process, and represents less than a 3% annual increase on total bills for end-use customers each year of the 2026 Rate Plan.

To achieve an updated rate proposal and to help mitigate Customer bill impacts, the 2026 Rate Plan introduces a gradual increase in rates over a six-year period from April 1, 2026 through March 31, 2032, and includes updated cost and revenue projections and a lower cost of capital than in December 2024. Additionally, in recognition of ratemaking methodology changes as described herein and their anticipated inclusion in modified contracts, the RSR balance as of December 31, 2025 will be set to zero. Last, the 2026 Rate Plan also includes a rate design in which 50% of each year's increase will be recovered through the demand rate and 50% of each year's increase will be recovered through the energy rate.

Shown below in Chart 1 are the Preference Power rates as compared to the projected upstate market electricity prices. The rates under the 2026 Rate Plan are expected to remain competitive and be significantly below the projected upstate and downstate market prices during the entire six-year rate plan.

Chart 1



III. Hydro COS

The attached Appendix B - Hydro COS sets forth, in detail, the estimated costs required to serve the Preference Power rate customers from NYPA's St. Lawrence and Niagara Projects that served as the basis for the 2026 Rate Plan. The Hydro Projects' costs, net of merchant unforced capacity ("UCAP") and ancillary services revenues, are projected to be \$326 million, \$360 million, \$359 million, \$369 million, \$380 million, and \$394 million for the 2026 to 2031 calendar years, respectively (Appendix B, Line 13). As mentioned, NYPA has made significant capital investments in the Hydro Projects (approximately \$1.2 billion in plant and equipment since the 2011 Rate Plan and through 2024) and has also initiated its \$1.1 billion NextGen Niagara capital investment program to replace end of life assets with new and modern plant and equipment. These investments, along with increases in NYPA's hydroelectric O&M expenses and allocated A&G expenses, necessitate the 2026 Rate Plan. These data show that the Hydro COS has increased by \$80 million since 2014. The major categories and significant drivers of the 2026 Rate Plan are summarized below.

Operations & Maintenance

Operations & Maintenance ("O&M") (Appendix B, Line 1) expenses consist of the site and direct O&M, which include the day-to-day operations of the projects and ongoing expenses associated with major maintenance programs and non-capital modifications, as well as Niagara and St. Lawrence relicensing expenses which the Trustees have previously authorized for inclusion in rates. The O&M expenses included in the 2026 Rate Plan are based on budgeted projections. The 2026 through 2031 O&M expense recovery will be fixed at the projected amounts and not be subject to yearly reconciliation in the RSR mechanism. NYPA took this approach in response to customer concerns that O&M expenses were not adequately controlled. The O&M fixed amounts are projected to be \$126 million, \$124 million, \$113 million, \$116 million, \$119 million, and \$122 million for the 2026 to 2031 calendar years, respectively. However, any direct O&M related to "emergent work" at the Niagara and St. Lawrence facilities will continue to be subject to reconciliation through the RSR. Emergent work refers to unplanned expenses resulting from operational failures that limit production capability, force backup or supplemental equipment to operate outside of their design basis, pose imminent safety risks to NYPA or contract personnel, the general public, or surrounding communities, or create environmental conditions requiring immediate corrective action. In NYPA's accounting system, actual emergent work expenses will be identified through specific project coding.

Administrative & General Expenses

Administrative & General ("A&G") expenses (Appendix B, Line 2) consists of 1) the allocated share of NYPA Headquarters costs associated with providing support for the

St. Lawrence and Niagara Projects, based on the “labor/labor” method (i.e., labor ratios) adopted by NYPA’s Trustees on December 18, 2001 and incorporated into the January 2003 Report on Hydroelectric Production Rates (“January 2003 Report”), 2) the allocated cost of research & development (“R&D”) initiatives, and 3) direct A&G expenses for the Hydro Projects. For annual RSR calculations, the gross A&G projected in the Hydro COS for the period of 2025-2031 will not be subject to annual reconciliation in the RSR mechanism. Gross A&G refers to recoverable A&G costs before being allocated to the Hydro COS based on the applicable labor ratios. The 2025-2031 gross A&G will use a base year of 2023 actual expenses (\$212,665,707), which will be escalated by 4% annually through 2031. This A&G provision constitutes NYPA’s willingness to be bound by a 4% escalation in the 2026 Rate Plan, without reconciliation to actuals under the RSR, in an effort to restrain the level of the Preference Power rate increase proposed. The A&G allocation to the COS and the RSR will continue to be based on annual updates to labor ratios.

Depreciation Expense

NYPA includes depreciation expense using group depreciation rates by Federal Energy Regulatory Commission (“FERC”) account developed by Alliance Consulting based upon December 31, 2019 asset data. These depreciation rates, based upon the average life, using group depreciation methodology,⁵ were designed to recover the remaining life of assets in service at the end of 2019 and include estimated removal costs and salvage credits. In addition, NYPA adopted general plant amortization for several high volume, low value general plant accounts. Under general plant amortization, NYPA depreciates the assets over the predicted life and retires all assets at the end of the depreciation period.

Capital Costs

By implementing group depreciation accounting, NYPA recommends a change in the Hydro COS capital cost recovery methodology that has been commonplace in the electric utility industry. Adoption of group depreciation accounting also makes it no longer feasible to track and maintain a separate set of books that would be necessary to continue to perform the Modified Trended Original Cost/Original Cost (“MTOC/OC”) capital cost recovery methodology. For these reasons this outdated methodology, which

⁵ The broad group, average life, remaining life depreciation system is the system most commonly used by utilities (referred to as group depreciation). With this method, the depreciation expert determines a straight-line depreciation rate for each group (FERC account by facility) across all vintages within the group by dividing the undepreciated investment by the remaining life and then dividing that result by the gross investment while adding in estimates for net salvage (cost of removal less salvage). The resultant depreciation rate for each group is designed to recover the investment plus all net salvage when the last property amount retires. The average life, group depreciation procedure recovers remaining life net book costs over the life of each account by averaging many components.

is not commonplace in the electric utility industry, should be discontinued, and replaced with the capital cost recovery methodology recommended here.

The 2026 Rate Plan would adopt a more traditional ratemaking methodology of rate base times cost of capital for determining its capital recovery. Moving forward, the cost of capital will be equal to NYPA's actual long-term debt rate. NYPA's long-term debt rate, currently 4.4% (from NYPA's June 30, 2025 Consolidated Financial Statements), represents a lower cost of capital than would otherwise result from the MTOC/OC method and a lower cost of capital than was initially contemplated in the 2024 proposal, resulting in a more modest rate impact to customers, while allowing NYPA to recover its cost of capital.

Rate base will include net plant (gross plant less accumulated depreciation) for the following: Niagara production and allocated general plant, St. Lawrence production and allocated general plant, Headquarters allocated general plant, Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies, and cash working capital (labor ratio allocators applied to all applicable costs). For annual RSR calculations, the actual long-term debt rate will be the same long-term debt rate as identified in NYPA's Audited Annual Consolidated Financial Statements report. As stated above, this change in capital cost recovery methodology eliminates the outdated MTOC/OC capital cost recovery approach (and the Gross Plant In Service ("GPIS") model) after 2025.

An additional aspect of this capital cost methodology change is it eliminates the one-year lag in capital cost recovery because the current year capital investment will be used to determine the capital cost recovery.

Ancillary Services

In the 2026 Rate Plan, NYPA credits the Hydro COS with the projected revenues for the provision of certain ancillary services from the Hydro Projects, namely Reactive Power (Schedule 2), Regulation Service (Schedule 3), Operating Reserves (Schedule 5), and Black Start Service (Schedule 6) (see Appendix B, Line 10).

These services used to be provided by NYPA to Preference Power customers prior to the New York Independent System Operator, Inc. ("NYISO") formation and NYISO establishing them as unbundled, separate services with their own rate schedules. These services are provided by the NYISO, but NY Munis & Coop customers have paid NYPA's cost of service for these products in the past, continuing the arrangement that existed prior to the NYISO formation (per the 2003 Global Settlement Agreement). As a result, in the past, NYPA credited its ancillary services cost of service to its Hydro COS. In this 2026 Rate Plan, NYPA determined the cost of service of these ancillary services using methodologies accepted by the FERC. The result exceeded, and is expected to continue to exceed, the rate for these services under the NYISO tariff. Therefore, it will

be beneficial for applicable Preference Power customers to pay for these services at the NYISO tariff rates and not at NYPA's ancillary services cost of service.

Accordingly, NYPA has deducted the revenue it expects to receive from the Hydro Projects' provision of these ancillary services to the NYISO rather than deducting the costs of providing such ancillary services (as NYPA will charge applicable Preference Power customers the rate NYPA is charged by the NYISO for these services—a pass-through of these costs). The treatment of ancillary services will now be the same as the treatment of merchant UCAP revenues, wherein projected revenues are credited to the Hydro COS and the revenue will be reconciled to actual results in the RSR.

UCAP Credit

In the 2026 Rate Plan, NYPA credits projected merchant UCAP revenue to the Hydro COS to recognize that the Preference Power rates are based upon the total cost of service of the Hydro Projects and that NYPA does not include the UCAP sales in the demand rate denominator in computing the Preference Power demand rate. The UCAP Credit to the Hydro COS is based on projected revenues for merchant UCAP sales at projected Rest of State ("ROS") UCAP market rates. In the RSR, NYPA will reconcile the actual merchant UCAP revenues from NYISO capacity auction sales or from bilateral arrangements with the projections included in the Hydro COS. For bilateral arrangements with other parties, the actual UCAP Credit used in the RSR calculations will be determined based on an equally weighted average of the NYISO ROS capacity auction prices.

Treatment of ReCharge New York Program

NYPA no longer normalizes the 455 MWs withdrawn from Preference Power customers for the ReCharge New York ("RNY") Power Program, as the RNY Program is nearly fully subscribed.

IV. Rate Stabilization Reserve

The RSR was established by the Trustees in the 1987 Rate Plan and later incorporated into Customer contracts. As discussed above, the RSR is a contractual mechanism that tracks the under-recovery or over-recovery of actual Hydro COS relative to the costs collected in the Preference Power rates. The RSR balance as of December 31, 2024 is an under-recovery of \$51 million. In recognition of ratemaking methodology changes as described herein and their anticipated inclusion in modified contracts, the RSR balance as of December 31, 2025 will be set to zero. NYPA will continue to track the RSR during the 2026 Rate Plan. Any RSR balances accrued through the 2026 Rate Plan shall be addressed after the 2026 Rate Plan.

Under the 2026 Rate Plan, NYPA proposes to implement the following changes to RSR calculations in addition to the limitations on recovery noted above with respect to O&M and A&G:

- a) NYPA's capital costs will include its rate base (as defined in Section III above) times the NYPA's actual long-term debt rate as published annually in NYPA's Consolidated Financial Statements report. This change in methodology would eliminate 1) the MTOC/OC capital cost recovery approach (and the GPIS model) after 2025, and 2) the one-year lag in capital cost recovery.
- b) The UCAP Credit to the Hydro COS will be based on actual revenues from NYISO ROS capacity auctions sales or from bilateral arrangements with other parties. For bilateral arrangements with other parties, the UCAP Credit will be determined based on an equally weighted average of the NYISO ROS capacity auction prices.
- c) The treatment of ancillary services will now be the same as the treatment of merchant UCAP revenues, wherein actual ancillary services revenues are credited to the Hydro COS.
- d) The RNY Program will no longer be normalized as the Program is nearly fully subscribed.

The above changes, particularly the cost of capital change and limitations on NYPA's recovery of O&M and A&G, represent a reduced revenue requirement than was initially contemplated in the 2024 proposal, and results in a more modest rate impact to customers. Further, NYPA's UCAP crediting methodology change could provide additional value to Customers not contemplated in the 2024 proposal.

NYPA also proposes changes to simplify the RSR calculation. These changes will not impact the end result of the RSR calculations but would make the RSR calculations easier to understand and more transparent. NYPA also corrects the RSR calculations so as not to double count Merchant UCAP revenue.

V. Ratemaking Methodologies

The Hydro COS continues several of the ratemaking methodologies adopted by the Trustees in their April 2003 final rate action and agreed to by Customers who were active parties to the 2003 Preference Power rate proceeding, continued in NYPA's 2007 Preference Power rate proceeding, and used again (with modifications) in the adoption of the 2011 Rate Plan. Some of the previous methodologies are proposed to be discontinued and replaced with updated and revised methodologies, as described

above. The methodologies and principles employed in the 2026 Rate Plan that are changes from previous practices include:

- a) The Authority's capital costs will include rate base times the Authority's actual long-term debt rate, which will replace the MTOC/OC methodology after 2025.
- b) Use of a five-year average of actual generation at the Hydro Projects in place of the Authority's traditional long-term average generation.
- c) Revised RSR methodology to incorporate the new capital cost recovery methodology, crediting of ancillary services and merchant UCAP revenues to the Hydro COS, and elimination of RNY normalization, as well as simplification of the RSR calculation for ease of understanding and improved transparency.
- d) Since the above methodologies represent changes to existing contracts, NYPA, concurrent with today's proposed adoption of the 2026 Rate Plan, is also seeking Trustee authorization to commence an offer of modified contracts to Customers. These modified contracts will include appropriate changes that reflect the methodologies in the 2026 Rate Plan. To the extent any of the methodologies in the modified contracts do not specifically contradict the provisions of existing contracts, those provisions would continue. NYPA will return to the Trustees to seek approval of the modified contracts under its PAL § 1009 process prior to the April 1, 2026 commencement of revised rates.

The 2026 Rate Plan would continue to employ a number of existing rate methodologies and principles, including:

- a) The Preference Power rates for generation produced at the Hydro Projects and sold to wholesale customers for the benefit of domestic and rural consumers shall be the "lowest rates reasonably possible," as referred to in the federal Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1), and shall be resold to end-users at the "lowest possible price," as referred to in PAL § 1005(5).
- b) The Authority shall recover in its rates the "cost of generation, plus capital and operating charges" or any other charge permitted under PAL § 1005(5).
- c) Melding of St. Lawrence Project and Niagara Project costs for ratemaking purposes.
- d) Recovery in rates of all prudent Hydro Project relicensing costs incurred by NYPA in the exercise of its broad discretion.
- e) The "labor/labor" method (*i.e.*, labor ratios) adopted by NYPA's Trustees on December 18, 2001 and incorporated into the January 2003 Report on Hydroelectric Production Rates ("January 2003 Report") for the allocation of A&G costs.

- f) Continuation of the existing practice of NYPA retaining excess revenues from the sale of generation after the Preference Power rate is set, as allowed under existing statutes, precedents and contracts.
- g) Use of the RSR methodology, as revised herein, to continue tracking any under-collection or over-collection of NYPA's Hydro COS.

VI. Proposed & Recommended Final Rates

To set rates for the future rate periods, NYPA used projected calendar year data when developing the Hydro COS. The Hydro COS study that served as the basis for the proposed rates included costs for (1) O&M, (2) allocated A&G, (3) Depreciation expenses, and (4) Capital Costs, offset by credits for ancillary services and merchant UCAP revenues as described in Section III of this report.

NYPA recognized the rate impacts it would place on Preference Power customers by immediately moving to a cost-based rate on April 1, 2026. With a focus on affordability for its customers, in the September 2025 NOPR, NYPA proposed to implement a phase-in or a gradual increase in rates over a six-year period from April 1, 2026 to March 31, 2032. Additionally, in recognition of ratemaking methodology changes as described herein and their anticipated inclusion in modified contracts, the RSR balance as of December 31, 2025 will be set to zero. Lastly, the proposed rates were designed wherein 50% of each year's increase in rates would be recovered through the demand rate and 50% of each year's increase will be recovered through the energy rate.

Based on NYPA staff's analysis of public comments received, there are no recommended changes to the proposed rates in the September 2025 memorandum to the Trustees. The public comment period, public comments received, and NYPA staff's analysis are outlined in Sections VII and VIII below.

The Preference Power rates proposed in the September 2025 NOPR and proposed for final adoption are as follows:

Table 2
2026 Rate Plan
2026-2031

Rate Year Beginning⁵	Demand Rate (\$/kw-Month)	Energy Rate (\$/MWh)	Effective Rate (\$/MWh)⁶
Current Rates	4.07	4.92	12.88
April 1, 2026	4.50	5.76	14.57
April 1, 2027	4.93	6.61	16.25
April 1, 2028	5.36	7.45	17.94
April 1, 2029	5.79	8.29	19.63

April 1, 2030	6.22	9.14	21.32
April 1, 2031	6.65	9.98	23.00

VII. Public Comment Period

On September 24, 2025, Preference Power Customers were notified that the Authority's Trustees had approved a proposed rulemaking for the 2026 Rate Plan. The notice also informed Customers of the public comment period, commencing October 8, 2025, and closing December 8, 2025. In addition, Customers were notified of two public forums to be held for the purpose of obtaining views of interested parties: November 18, 2025 in Lewiston, New York and November 20, 2025 in Albany, New York.

Following the Trustees' action on September 23, 2025, Authority staff made itself available to affected customers and their organizations for the purposes of answering questions about the proposed rate plan.

NYPA received 13 data requests (with multiple sub-parts) from the neighboring states customers on October 27 and provided responses on November 11.

At the November 18, 2025 Lewiston public forum, which was held at the Niagara Project's public meeting room, comments in support of the 2026 Rate Plan were made by (i) Travis Dubois, Vice President and Superintendent of Public Works for the Village of Sherburne (one of the NY Munis and Coops), delivered on behalf of the New York Association of Public Power ("NYAPP")⁶; and (ii) James Stokes, Executive Director of the Municipal Electric Utilities Association ("MEUA").⁷

A written statement was submitted by Amber Goodberry, an ally of the Tonawanda-Seneca Nation, and by Neil Ferguson, resident of the Tuscarora Nation, but these comments did not address the 2026 Rate Plan.⁸

At the November 20, 2025 Albany public forum, which was held at NYPA's Albany office, comments in support of the 2026 Rate Plan were made by (i) Andrew McMahon, Superintendent of the Town of Massena Electric Department (one of the NY Munis and Coops), delivered on behalf of NYAPP⁹; and (ii) James Stokes, MEUA Executive Director.

⁶ Mr. Dubois read his remarks and submitted a written copy. A transcript of the remarks and the written statement is included in Appendix C.

⁷ A transcript of Mr. Stokes' statement is included in Appendix C.

⁸ Ms. Goodberry's letter and Mr. Ferguson's statement are included in Appendix C. Because their comments do not address the 2026 Rate Plan but instead raise issues for NYPA's consideration regarding other unrelated matters, this Staff Report will not address them.

⁹ Mr. McMahon read his remarks into the record. A transcript of the remarks is included in Appendix C.

Another statement was read into the record by Sam Romero, an ally of the Tonawanda-Seneca Nation.¹⁰

Timely written comments were submitted to the Office of the Secretary by an attorney on behalf of Lawrence Sloane.¹¹

VIII. Staff Analysis of Public Comments and Recommendations

NYPA notes that the proposed 2026 Rate Plan has garnered support from key customer constituencies, namely MEUA and NYAPP, organizations that together represent the fifty-one Preference Power customer entities referred to in this Staff Report as the NY Munis and Coops. These customers have statutory entitlements under the NRA to receive the largest share of NYPA's Preference Power sales made for the benefit of domestic and rural electricity consumers: 764.8 MW of firm hydropower and associated energy sold from the Niagara Project. As Mr. Stokes of MEUA stated, NYPA was able to address their concerns with the previous 2024 proposal and moderate the proposed increases significantly, leading to his conclusion that

the rates proposed here meet the statutory requirements and will ensure that NYPA has the necessary resources to invest in the needed capital to improve its hydroelectric project assets, thereby preserving preference power for municipal unit [sic] utilities at the lowest possible rates for years to come.

November 18, 2025 transcript, at 18:22–19:6.

Similarly, Messrs. Dubois and McMahon, at separate rate forums, both on behalf of NYAPP, also gave favorable assessments on NYPA's 2026 Rate Plan. Mr. Dubois noted in Lewiston on November 18 that the rate plan is, in contrast to NYPA's 2024 proposal, "more affordable and in keeping with NYPA's requirement to provide cost-based rates."¹² Similarly, Mr. McMahon noted in Albany on November 20 that while he had spoken out against NYPA's December 2024 rate proposal, he indicated that the 2026 Rate Plan was consistent with NYPA's requirement under statute to "sell power at cost-based rates to preference power customers."¹³

¹⁰ Ms. Romero's remarks do not address the 2026 Rate Plan but instead raise unrelated issues for NYPA's consideration, and therefore will not be addressed in this Staff Report.

¹¹ The comments submitted on behalf of Mr. Sloane are included in Appendix C (Letter from Aaron Mark Zimmerman, Esq.).

¹² See Appendix C (Nov. 18 Transcript, at 15:10-19)

¹³ See Appendix C (Nov. 20 Transcript, at 15:10-22).

One comment in opposition was submitted by an attorney claiming to represent Lawrence Sloane, an individual whose interest in the 2026 Rate Plan is not clear or established (“Sloane Comment”). The Sloane Comment asserts that NYPA’s 2026 Rate Plan does not produce a Preference Power rate at “cost,” in contravention of legal precedents. However, the Sloane Comment provides no basis for this assertion.

As the explanation in this Staff Report shows, employing a capital cost recovery methodology of Hydro Projects rate base times NYPA’s actual cost of long-term debt, provides for a capital cost recovery that produces a lower revenue requirement than would otherwise be the case if NYPA had continued to apply its MTOC/OC methodology to the Hydro COS. NYPA’s December 2024 Preference Power rate proposal, since withdrawn, was developed to include capital costs equivalent to the amount to be recovered under MTOC/OC methodology. This would have resulted in a revenue requirement equivalent to having applied an 8.26% weighted average cost of capital to NYPA’s Hydro Projects rate base. As explained in this Staff Report, however, NYPA commits to using its actual long-term debt rate for these calculations, which is currently 4.4%. NYPA has worked to maintain a high rating with the credit rating agencies over the years, which should ensure that NYPA’s debt rate, which is updated annually and reported in NYPA’s annual financial reports, reflects this high rating. This produces a lower long-term debt cost for NYPA, and thus lowers the rates paid by Preference Power customers, as compared to the existing MTOC/OC methodology.

One of the main reasons NYPA’s proposed capital recovery model produces savings for Customers as compared to the MTOC/OC method is because the MTOC/OC method includes an inflation component to the depreciation costs for capital assets, increasing NYPA’s capital costs, particularly for older assets due to the “back-loading” effect of this methodology. This, combined with the addition of NextGen Niagara investments, was set to produce a higher revenue requirement and put increased rate pressure on Preference Power customers. In contrast, applying the capital expenditures (net of accumulated depreciation) to NYPA’s stable long-term debt rate produces a more gradual rate increase to customers, consistent with the cost-based rates standard of the PAL.

The Sloane Comment references *Village of Bergen v. Power Authority*, 284 AD3d 976 (4th Dept. 2001), for the proposition that NYPA cannot develop a revised methodology to produce a cost-base rate, but this is unsupported. *Bergen* dealt solely with how NYPA allocated its “overhead” costs (now referred to as A&G costs in this 2026 Rate Plan), and determined that a labor ratio allocator, rather than a capacity ratio allocator, should be used. That labor ratio allocator, which NYPA adopted as a result of that litigation, is proposed to be continued in the 2026 Rate Plan as this Staff Report notes. There is no suggestion in *Bergen* that NYPA is held to a single definition of “cost.”

There is also no credible suggestion offered in the Sloane Comment that the modifications to NYPA’s rates, which are needed to address increased costs of NYPA’s capital expenditures, O&M and A&G related to the Hydro Projects, violate contractual

commitments to provide Preference Power at cost. As this Staff Report explains (i) NYPA cannot, consistent with current, sound utility accounting practices, continue to maintain records needed to implement the MTOC/OC methodology due to the adoption of group depreciation accounting, and (ii) the modified methodologies (including the capital recovery model of Hydro Projects' rate base times the long-term cost of debt) permit NYPA to still provide Preference Power at cost-based rates, consistent with the PAL. As representatives of the NY Munis & Coops have stated in this proceeding, NYPA has developed Preference Power rates that meet this standard.

Because no convincing argument has been raised by the Sloane Comment, it should be rejected and NYPA Trustees should adopt the 2026 Rate Plan as recommended.

**NEW YORK POWER AUTHORITY
PREFERENCE POWER RATE PLAN BILL IMPACTS**

Prices (\$/MWh) include demand and energy components

	2025	2026	2027	2028	2029	2030	2031
PROPOSED HYDRO PRODUCTION RATES INCREASES FROM CURRENT	12.88	14.57 1.69	16.25 1.69	17.94 1.69	19.63 1.69	21.32 1.69	23.00 1.69
<u>MUNIS/COOPS UPSTATE: END USE RESIDENTIAL IMPACTS (600kWh/mo.)</u>							
Total Monthly Bill (\$)	40.91	41.89	42.87	43.85	44.83	45.82	46.80
Monthly Bill Impact (\$)		0.98	0.98	0.98	0.98	0.98	0.98
Monthly Bill Impact (%)		2.39%	2.34%	2.29%	2.24%	2.19%	2.14%
<u>MUNIS/COOPS DOWNSTATE: END USE RESIDENTIAL IMPACTS (600kWh/mo.)</u>							
Total Monthly Bill (\$)	85.41	86.31	87.22	88.13	89.04	89.95	90.85
Monthly Bill Impact (\$)		0.91	0.91	0.91	0.91	0.91	0.91
Monthly Bill Impact (%)		1.06%	1.05%	1.04%	1.03%	1.02%	1.01%
<u>MUNIS/COOPS UPSTATE: END USE RESIDENTIAL IMPACTS (1,000kWh/mo.)</u>							
Total Monthly Bill (\$)	66.66	68.29	69.93	71.56	73.20	74.83	76.47
Monthly Bill Impact (\$)		1.63	1.64	1.64	1.64	1.64	1.64
Monthly Bill Impact (%)		2.45%	2.40%	2.34%	2.29%	2.24%	2.19%
<u>MUNIS/COOPS DOWNSTATE: END USE RESIDENTIAL IMPACTS (1,000kWh/mo.)</u>							
Total Monthly Bill (\$)	137.33	138.84	140.35	141.86	143.38	144.89	146.40
Monthly Bill Impact (\$)		1.51	1.51	1.51	1.51	1.51	1.51
Monthly Bill Impact (%)		1.10%	1.09%	1.08%	1.07%	1.06%	1.04%
<u>MUNIS/COOPS UPSTATE: END USE RESIDENTIAL IMPACTS (1,500kWh/mo.)</u>							
Total Monthly Bill (\$)	98.84	101.29	103.74	106.20	108.65	111.11	113.56
Monthly Bill Impact (\$)		2.45	2.45	2.45	2.45	2.45	2.45
Monthly Bill Impact (%)		2.48%	2.42%	2.37%	2.31%	2.26%	2.21%
<u>MUNIS/COOPS DOWNSTATE: END USE RESIDENTIAL IMPACTS (1,500kWh/mo.)</u>							
Total Monthly Bill (\$)	202.22	204.49	206.76	209.03	211.30	213.57	215.84
Monthly Bill Impact (\$)		2.26	2.27	2.27	2.27	2.27	2.27
Monthly Bill Impact (%)		1.12%	1.11%	1.10%	1.09%	1.07%	1.06%

**NEW YORK POWER AUTHORITY
PREFERENCE POWER RATE PLAN BILL IMPACTS**

Prices (\$/MWh) include demand and energy components

	2025	2026	2027	2028	2029	2030	2031
PROPOSED HYDRO PRODUCTION RATES	12.88	14.57	16.25	17.94	19.63	21.32	23.00
INCREASES FROM CURRENT		1.69	1.69	1.69	1.69	1.69	1.69
<u>MUNIS/COOPS UPSTATE: COMMERCIAL CUSTOMER IMPACTS (5,000kWh/mo.)</u>							
Total Monthly Bill (\$)	346.63	354.79	362.97	371.15	379.33	387.51	395.69
Monthly Bill Impact (\$)		8.16	8.18	8.18	8.18	8.18	8.18
Monthly Bill Impact (%)		2.35%	2.31%	2.25%	2.20%	2.16%	2.11%
<u>MUNIS/COOPS DOWNSTATE: COMMERCIAL CUSTOMER IMPACTS (5,000kWh/mo.)</u>							
Total Monthly Bill (\$)	701.65	709.20	716.76	724.33	731.90	739.46	747.03
Monthly Bill Impact (\$)		7.55	7.57	7.57	7.57	7.57	7.57
Monthly Bill Impact (%)		1.08%	1.07%	1.06%	1.04%	1.03%	1.02%
<u>MUNIS/COOPS UPSTATE: INDUSTRIAL CUSTOMER IMPACTS (50kW; 25,550kWh/mo.)</u>							
Total Monthly Bill (\$)	1,617.47	1,659.16	1,700.96	1,742.76	1,784.56	1,826.36	1,868.16
Monthly Bill Impact (\$)		41.68	41.80	41.80	41.80	41.80	41.80
Monthly Bill Impact (%)		2.58%	2.52%	2.46%	2.40%	2.34%	2.29%
<u>MUNIS/COOPS DOWNSTATE: INDUSTRIAL IMPACTS (50kW; 25,550kWh/mo.)</u>							
Total Monthly Bill (\$)	2,903.90	2,942.46	2,981.12	3,019.79	3,058.45	3,097.11	3,135.78
Monthly Bill Impact (\$)		38.56	38.66	38.66	38.66	38.66	38.66
Monthly Bill Impact (%)		1.33%	1.31%	1.30%	1.28%	1.26%	1.25%

NEW YORK POWER AUTHORITY PREFERENCE POWER RATE PLAN BILL IMPACTS Prices (\$/MWh) include demand and energy components

	2025	2026	2027	2028	2029	2030	2031
PROPOSED HYDRO PRODUCTION RATES	12.88	14.57	16.25	17.94	19.63	21.32	23.00
INCREASES FROM CURRENT		1.69	1.69	1.69	1.69	1.69	1.69
<u>NGRID RESIDENTIAL UTILITY CUSTOMERS (PEAKING ONLY): END USE RESIDENTIAL IMPACTS</u>							
Total Monthly Bill (\$)¹	116.59	116.65	116.71	116.77	116.84	116.90	116.96
Monthly Bill Impact (\$)		0.06	0.06	0.06	0.06	0.06	0.06
Monthly Bill Impact (%)		0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<u>NYSEG RESIDENTIAL UTILITY CUSTOMERS (PEAKING ONLY): END USE RESIDENTIAL IMPACTS</u>							
Total Monthly Bill (\$)¹	124.72	124.81	124.91	125.01	125.10	125.20	125.30
Monthly Bill Impact (\$)		0.10	0.10	0.10	0.10	0.10	0.10
Monthly Bill Impact (%)		0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
<u>RGE RESIDENTIAL UTILITY CUSTOMERS (PEAKING ONLY): END USE RESIDENTIAL IMPACTS</u>							
Total Monthly Bill (\$)¹	119.66	119.71	119.76	119.81	119.86	119.91	119.96
Monthly Bill Impact (\$)		0.05	0.05	0.05	0.05	0.05	0.05
Monthly Bill Impact (%)		0.04%	0.04%	0.04%	0.04%	0.04%	0.04%

¹ Average Residential Bill is based on average kWh usage provided by utilities

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
FINAL PRODUCTION COST OF SERVICE

Line	Description	2014	2026	2027	2028	2029	2030	2031	Difference 2026 vs 2014
<u>Operations & Maintenance/Administrative & General</u>									
1	Operations & Maintenance (O&M)	90,938	126,202	124,176	113,426	116,261	119,168	122,147	35,264
2	Administrative & General (A&G)	59,163	97,584	101,487	105,547	109,769	114,159	118,726	38,420
3	Subtotal O&M/A&G (line 1 + line 2)	150,101	223,786	225,663	218,972	226,030	233,327	240,873	73,684
4	Rate Base		1,675,623	1,816,750	1,827,678	1,841,519	1,941,079	2,195,130	
5	Cost of Long-Term Debt		4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	
<u>Capital Costs</u>									
6	Total Depreciation	47,204	100,856	112,193	117,559	120,555	120,384	116,428	53,652
7	Cost of Capital (multiply line 5 by line 4)	71,692	73,727	79,937	80,418	81,027	85,407	96,586	2,036
8	Subtotal Capital Costs (line 6 + 7)	118,896	174,583	192,130	197,977	201,582	205,791	213,014	55,687
9	Total Cost of Service (line 3 + line 8)	268,997	398,369	417,793	416,949	427,611	439,118	453,886	129,372
<u>Cost of Service Reductions</u>									
10	Ancillary Services	(16,271)	(21,536)	(20,598)	(21,216)	(21,852)	(22,508)	(23,183)	(5,265)
11	UCAP Credit	(6,493)	(50,659)	(37,142)	(37,142)	(37,142)	(37,142)	(37,142)	(44,166)
12	Subtotal Cost of Service Reductions (line 10 + line 11)	(22,764)	(72,195)	(57,740)	(58,358)	(58,995)	(59,650)	(60,326)	(49,431)
13	Total Net Cost of Service (line 9 + line 12)	246,233	326,174	360,053	358,591	368,617	379,468	393,561	79,940

2014 data is from COS level approved in last rate plan (2011-2014)



New York Power Authority

Public Forum Transcripts and Written Comments

Appendix C

December 2025

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TAB 1

NEW YORK POWER AUTHORITY.

Public Hearing

Hydroelectric Preference Power Rates

November 18, 2025

11:00 a.m. - 3:00 p.m.

NYPA SPEAKERS:

Felisa Hochheiser, Deputy Corporate Secretary

Scott Tetenman, Senior Vice President of Finance

Alex Chiaravalle, Media Relations Specialist

PUBLIC SPEAKERS:

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Neil Patterson, Resident 21

Jackie Mentecky, Court Stenographer

FELISA HOCHHEISER: Good morning. This Public Forum on the proposed change in the Authority's Preference Power rates is being conducted pursuant to a Power Authority policy adopted by the Trustees in 1990.

Another forum will be conducted on November 20, 2025, in Albany at NYPA's office located at 30 South Pearl Street, 6th Floor Conference Room.

My name is Felisa Hochheiser, and I'm the Authority's Deputy Corporate Secretary.

This Public Forum is not required by law and is being held in addition to the State Administrative Procedure Act, SAPA, process. The SAPA process, which provides for a 60-day public comment period, began on October 8th, 2025, and is scheduled to end on December 8th, 2025.

The purpose of this forum is to offer affected customers and the public an opportunity to present data, views, and positions for the Authority's Trustees to consider prior to taking final action on the proposed rate change.

This forum will not include a question-and-answer segment, so please use your time to share your thoughts, concerns, and insights. We are here to listen.

1 If you plan to make an oral statement,
2 please provide your name and affiliation to the
3 staff upon entering. Also, if you have a written
4 statement, you can mail or email it to the
5 Corporate Secretary.

6 Both oral and written statements will be
7 included in the official record. The record will
8 remain open for additional comments through the
9 close of business, Monday, December 8th, 2025.

10 Additional comments should be mailed or
11 emailed to the Corporate Secretary at 123 Main
12 Street, 9-B, White Plains, New York 10601. Or
13 email at secretarys.office@nypa.gov. That's
14 S-E-C-R-E-T-A-R-Y-S dot office@nypa.gov.

15 At this point, I would like to introduce
16 Scott Tetenman, the Authority's Senior Vice
17 President of Finance, who will provide additional
18 details on the proposed rate change.

19 SCOTT TETENMAN: Thank you,
20 Ms. Hochheiser.

21 And good morning, everybody. My name is
22 Scott Tetenman, and I am the Senior Vice President
23 of Finance at the New York Power Authority.

24 I am here today to present an overview of
25 the modifications being proposed by NYPA to the

1 hydroelectric preference power rates, referred to
2 as the 2026 Rate Plan.

3 By this rate action, the Authority is
4 proposing a six-year rate plan covering the period
5 April 1st, 2026, through March 31st, 2032. The
6 proposed increases in the preference power rates
7 would be the first rate increase since 2014.

8 The proposed preference power rates, based
9 on a 70 percent load factor, are \$14.57 effective
10 April 1st, 2026. \$16.25 effective April 1st,
11 2027. \$17.94 effective April 1st, 2028. \$19.63
12 effective April 1st, 2029. \$21.32 effective April
13 1st, 2030. And \$23.00 even effective April 1st,
14 2031.

15 The current preference power rate is \$12.88
16 per megawatt hour. Now, even with the proposed
17 rate increases, preference power rates are still
18 expected to remain significantly lower than the
19 projected market rates throughout the rate plan.

20 The public comment period under SAPA and
21 this public forum are intended as opportunities
22 for the public and customer input into the
23 Authority's preference power ratemaking process,
24 in accordance with both SAPA and the Authority's
25 policies.

1 To that end, the Authority staff has been
2 working with the customers and responding to
3 inquiries in a timely and thorough manner.

4 Staff will consider all comments raised
5 during the public comment period, including those
6 made today during this public forum.

7 The staff will present their analysis,
8 findings, and recommendations to the Trustees at
9 the conclusion of the public comment period.

10 I will now provide some background on the
11 Authority's preference rates, recent history, and
12 the cost components that make up the rates. After
13 that, I will describe in more detail the current
14 rate proposal, including the primary drivers of
15 the rate increase.

16 The Authority's preference power rates
17 apply to the customers that purchase hydroelectric
18 preference power supplied from the Authority's
19 Niagara and St. Lawrence Hydroelectric Projects.

20 The major customer groups are the 47
21 municipal electric systems and four rural electric
22 cooperatives located in the state, three upstate
23 investor-owned utilities, for the benefit of their
24 residential customers, the neighboring state
25 customers, two transportation authorities, and the

1 Niagara Project relicensing host communities.

2 As I previously mentioned, NYPA last
3 changed its preference power rates in 2014, based
4 upon the 2011 Rate Modification Plan. The 2011
5 Rate Modification Plan phased in preference power
6 rates to the cost-based rate with increases over
7 four years.

8 Approved by the NYPA Board of Trustees on
9 November 1st, 2011, the final rate under this
10 plan, made effective May 1st, 2014, was \$12.88 per
11 megawatt hour, which is still in effect today.

12 NYPA has been providing preference power to
13 customers at this rate for the past 11 and
14 one-half years.

15 In December 2024, the Authority proposed a
16 rulemaking to increase preference power rates for
17 the first time since 2014. In March 2025, NYPA
18 withdrew the 2024 proposed preference power
19 rulemaking in response to affordability concerns
20 raised by Governor Kathy Hochul and several
21 customer groups.

22 Subsequently, at the request of its
23 customers, NYPA actively re-engaged with its
24 preference power rate customers through their
25 associations or representatives, by providing

1 technical analytics, communicating the need for a
2 rate change, and gathering customer feedback and
3 support for the rate change.

4 In September 2025, NYPA proposed the 2026
5 Rate Plan. This rate plan reflects lower rates
6 than NYPA had proposed in 2024 and addresses
7 customer feedback expressed during the prior
8 rulemaking process.

9 This rate plan represents less than a 3
10 percent annual increase on total bills for end-use
11 customers each year of the 2026 Rate Plan.

12 Now, the hydro cost of service of the
13 Niagara and St. Lawrence facilities is attached to
14 the September 23rd, 2025, Trustee memorandum
15 initiating the SAPA process.

16 NYPA incorporated ratemaking methodologies
17 in this hydro cost of service that have been
18 adopted previously, with some changes, which I
19 will describe.

20 Many of the methodologies stem from the
21 April 2003 final rate action approved by the
22 Trustees and agreed to by preference power rate
23 customers who were active parties in the 2003 rate
24 proceeding, continued in NYPA s 2007 preference
25 power rate action, and used again, with

1 modifications, in the development of the 2011 Rate
2 Plan.

3 The total Hydro Projects costs, net of
4 unforced capacity, or UCAP, and ancillary service
5 revenue credits, are 326 million, 360 million, 359
6 million, 369 million, 380 million, and 394 million
7 for the 2026 to 2032 calendar years, respectively.

8 The principal cost drivers responsible for
9 the increases are the past and projected capital
10 investments at the facilities. In fact, since the
11 2011 Plan and through 2024, NYPA has invested over
12 1.2 billion in plant and equipment in the hydro
13 projects.

14 NYPA has also initiated its NextGen Niagara
15 Modernization and Digitization Project, a capital
16 investment program to replace end-of-life assets
17 with new and modern plant and equipment, with an
18 expected cost of 1.1 billion over the 2017 through
19 2039 time period.

20 Additionally, the Authority has experienced
21 inflationary pressures on its operating and
22 maintenance expenses, including administrative and
23 general expenses.

24 Now, the Rate Stabilization Reserve, or
25 RSR, is a contractual mechanism NYPA uses to

1 ensure rate stability, and which also provides
2 guidance to us on ratemaking.

3 The RSR balance is determined on an annual
4 basis and calculates the difference between actual
5 costs and revenues collected through preference
6 power rates.

7 Based on recent RSR calculations, the
8 Authority is under-recovering its costs under the
9 existing preference power rates.

10 The 2026 Rate Plan introduces a gradual
11 increase in rates over a six-year period from
12 April 1st, 2026, through March 31st, 2032.

13 Additionally, the rate plan includes
14 updated costs and revenue projections, and a
15 change in methodology that lowers the cost of
16 capital.

17 The 2026 Rate Plan includes several
18 ratemaking methodology changes to develop the
19 preference power rates, demonstrates our
20 commitment to minimize costs, and to provide
21 administrative simplicity and transparency within
22 the cost recovery processes.

23 Now, first, to address customer concerns
24 about rising costs, NYPA is proposing to cap and
25 fix the recovery of its operational and general

1 costs. The 2025 through 2031 gross Administrative
2 and General, or A&G, expense recovery will be
3 based on 2023 actual expenses, which were
4 \$212,665,707, which will then be escalated by 4
5 percent annually through 2031, and will not be
6 reconciled to actual A&G expenses in those years.

7 However, allocated A&G will be reconciled
8 through the RSR based on annual updates to the
9 labor ratios.

10 Similarly, the 2025 through 2031 Operation
11 and Maintenance expenses recovery will be fixed,
12 and again, not subject to reconciliation.

13 Any direct O&M related to emergent work at
14 the Niagara and St. Lawrence facilities will
15 continue to be subject to reconciliation through
16 the RSR.

17 Further, NYPA staff proposes the following
18 adjustments to the treatment of ancillary services
19 and UCAP credits in the hydro cost of service on a
20 permanent basis.

21 The treatment of ancillary services will
22 now be the same as the treatment of merchant UCAP
23 revenues, wherein ancillary services revenues are
24 credited to the hydro cost of service and
25 reconciled to actuals through the RSR.

1 Now, the UCAP credit for the hydro cost of
2 service will be calculated based on the assumption
3 that all excess UCAP related to the hedged
4 portion, specifically bilateral transactions, will
5 be priced in the cost of service at the monthly
6 average, rest-of-state UCAP auction prices in the
7 wholesale market, using an equally weighted
8 average of the prices in all New York ISO UCAP
9 auction markets.

10 NYPA will continue to hedge its capacity
11 portfolio in its sole discretion, based upon
12 internal policies and market conditions, and will
13 make an adjustment to reflect wholesale market
14 pricing for hydro cost of service purposes only.

15 Second is a change to the recovery of
16 capital costs. Prior to the 2026 Rate Plan, NYPA
17 used a modified trended original cost methodology
18 for assets funded with equity and the original
19 cost methodology for assets funded with debt.

20 These methodologies required NYPA to track
21 all asset vintages. Now, due to a change in the
22 depreciation rate methodology in 2021, which
23 involved a move to group depreciation, NYPA no
24 longer tracks individual assets by vintage in its
25 accounting system.

1 NYPA proposes adopting a more traditional
2 ratemaking methodology of rate base times cost of
3 capital for determining its capital recovery.

4 Moving forward, the cost of capital will be
5 defined as NYPA s actual long-term debt rate.
6 Now, NYPA s actual long-term debt rate, currently
7 at 4.4 percent, represents a lower cost of capital
8 than initially contemplated in the 2024 proposal.

9 This change in capital cost recovery
10 methodology offsets other cost drivers in this
11 rate plan, thus producing a more modest rate
12 impact.

13 Now, next, to reduce volatility in the RSR
14 balance caused by fluctuations in actual energy
15 generated from the plants, and in response to
16 customer feedback, NYPA will be using a five-year
17 average of actual generation for the cost-based
18 rate calculation, replacing the traditional
19 long-term average generation.

20 Previously described changes, including the
21 crediting of ancillary services and UCAP revenue,
22 and the new capital cost recovery method to the
23 hydro cost of service, will be used in the RSR
24 reconciliations.

25 Lastly, NYPA staff proposes to eliminate

1 normalization of the ReCharge New York load as the
2 program is nearly fully subscribed, and further
3 administrative simplifications of the RSR
4 calculation for ease of understanding.

5 As per the customer request, NYPA further
6 proposes that 50 percent of each year s increase
7 is to be recovered through the demand rate and the
8 remaining 50 percent through the energy rate.

9 The resulting energy rates are as follows:
10 \$5.76 per megawatt hour, effective April 1st,
11 2026. \$6.61 per megawatt hour, effective April
12 1st, 2027. \$7.45 per megawatt hour, effective
13 April 1st, 2028. \$8.29 per megawatt hour,
14 effective April 1st, 2029. \$9.14 per megawatt
15 hour, effective April 1st, 2030. And \$9.98 per
16 megawatt hour, effective April 1st, 2031.

17 And the resulting demand rates are as
18 follows: \$4.50 per kilowatt-month, effective
19 April 1st, 2026. \$4.93 per kilowatt-month,
20 effective April 1st, 2027. \$5.36 per
21 kilowatt-month, effective April 1st, 2028. \$5.79
22 per kilowatt-month per effective April 1st, 2029.
23 \$6.22 per kilowatt-month, effective April 1st,
24 2030. And \$6.65 per kilowatt-month, effective
25 April 1st, 2031.

1 As NYPA's Deputy Corporate Secretary,
2 Ms. Hochheiser, stated earlier, the Authority will
3 also accept written comments on the proposed rates
4 through December 8th, 2025.

5 And I will now turn the forum back over to
6 Ms. Hochheiser.

7 FELISA HOCHHEISER: Thank you,
8 Mr. Tetenman.

9 Since I understand that we have at least
10 one speaker, I will now hand the forum over to
11 Alex Chiaravalle, Media Relations Specialist, to
12 call on speakers.

13 ALEX CHIARAVALLE: Thank you. Our first
14 speaker is Travis Dubois.

15 TRAVIS DUBOIS: If you're Americanized,
16 Dubois.

17 Good morning. My name is Travis Dubois,
18 and I am the Superintendent for the Village of
19 Sherburne's Electric Department, one of 47
20 municipalities and four rural electric
21 cooperatives in New York State that own and
22 operate their own electric utility.

23 I'm also an executive committee member for
24 NYAPP, the New York Association of Public Power,
25 which advocates for public power communities.

1 Sherburne has been purchasing hydropower
2 from NYPA since the completion of the Niagara
3 Power Project in 1961. As a result, Sherburne and
4 other NYAPP members provide their customers with
5 over 85 percent renewable energy. Sherburne and
6 other NYAPP members have contracts with NYPA to
7 purchase hydropower at cost-based rates into the
8 year 2040. The savings are passed on to
9 Sherburne's end-use customers.

10 In December of 2024, NYPA presented a rate
11 increase based on unilateral changes in rate
12 design that were not consistent with NYPA's legal
13 commitments to supply power at cost-based rates to
14 preference for our customers.

15 In January, I spoke out against NYPA's
16 proposal, along with several of my colleagues and
17 others. NYPA's revised rate modification plan is
18 more affordable and in keeping with NYPA's
19 requirement to provide cost-based rates.

20 Further, NYPA's revised proposal
21 acknowledges the key points of preference power
22 ratemaking as a guideline for future rate reviews.
23 Sherburne and other NYAPP members offer their
24 consent for the current proposal.

25 We at NYPA -- at NYAPP appreciate our

1 long-standing partnership with NYPA, and we look
2 forward to continuing our relationship in
3 accordance with the Niagara Redevelopment Act.

4 I want to stress that we need to
5 continually focus on supporting and retaining
6 businesses in our communities, and in New York.
7 My highest priority as superintendent of our
8 electric utility is to provide reliable service at
9 affordable rates for Sherburne's citizens and
10 businesses -- and businesses. That is also the
11 objective of other members of NYAPP.

12 On behalf of NYAPP and Sherburne, I thank
13 you for this opportunity to comment on the rate
14 modification plan.

15 ALEX CHIARAVALLE: Thank you, Travis.

16 TRAVIS DUBOIS: Thank you.

17 SPEAKER: Thank you, Travis.

18 TRAVIS DUBOIS: Thank you.

19 ALEX CHIARAVALLE: Our next speaker is Jim
20 Stokes. Jim?

21 JIM STOKES: Good morning, everyone.

22 My name is Jim Stokes. I'm the Executive
23 Director of the Municipal Electric Utilities
24 Association of New York State.

25 MEUA is a nonprofit, unincorporated

1 association of 40 municipal electric utility
2 community members spread throughout Upstate New
3 York.

4 I'm appearing today to offer comments
5 relative to the New York Power Authority's
6 proposed increase in rates charged to its
7 preference customers.

8 MEUA's members are all preference power
9 customers of NYPA that purchase electricity
10 generated by the Niagara Power Project. That
11 power, by law, must be delivered at the lowest
12 rates reasonably possible.

13 One quarter of our member systems are
14 classified -- classified by New York State as
15 disadvantaged communities. All of our residents,
16 particularly the low- and moderate-income
17 residents, as well as businesses in our
18 communities, are struggling economically. And
19 while no one wishes to see rates for any required
20 commodity or utility increase, the MEUA believes
21 that the rate plan currently offered by NYPA meets
22 a statutory test, and therefore, MEUA fully
23 supports the rate plan as presented to the
24 Trustees, and urges the Trustees to adopt that
25 plan without modification.

1 MEUA and its members have a decades-long
2 history of working hand-in-hand with the New York
3 Power Authority. While we appreciate that NYPA
4 has other projects and tasks, MEUA views the
5 Niagara Power Project, as well as the St. Lawrence
6 FDR Power Project, and its transmission assets as
7 NYPA's core mission.

8 Since its inception under Governor
9 Roosevelt, NYPA's very purpose was the development
10 of the hydroelectric resources of the state for
11 the people of the state.

12 MEUA fully supports NYPA's planned
13 investment of over \$1 million in NYPA's NextGen
14 Niagara initiative to preserve and upgrade
15 Niagara's critical infrastructure to preserve this
16 asset for electricity generation for years to
17 come.

18 MEUA appreciates the authority's approach
19 to this rate-making proposal. The MEUA expressed
20 grave concerns with NYPA's previous proposal, and
21 the Authority listened.

22 Through months of engagement, NYPA was able
23 to address our concerns with the previous proposal
24 and moderate the proposed increases significantly.
25 MEUA believes that the rates proposed here meet

1 the statutory requirements and will ensure that
2 NYPA has the necessary resources to invest in the
3 needed capital to improve its hydroelectric
4 project assets, thereby preserving preference
5 power for municipal unit utilities at the lowest
6 possible rates for years to come.

7 We thank the NYPA team for listening to our
8 concerns and investing the time and effort to
9 address those concerns. The rate -- the rate plan
10 as revised -- is all the better for it. Thank
11 you.

12 SPEAKER: Thank you, Jim.

13 ALEX CHIARAVALLE: Thank you. As no one
14 else has signed up to speak at the forum, we will
15 recess and reconvene as more speakers arrive.
16 Thank you.

17 (Brief recess.)

18 ALEX CHIARAVALLE: We are reconvening as we
19 have a new speaker. Our next speaker is Amber
20 Goodberry.

21 AMBER GOODBERRY: Hello, my name is Amber
22 Goodberry. I'm here to address the New York Power
23 Authority as an ally of the Tonawanda -- Tonawanda
24 Seneca Nation, a federally recognized Indigenous
25 Nation, and part of (inaudible) showing.

1 As a concerned resident in New York State,
2 I live in Niagara Falls, and I also own a business
3 in Lewiston. I wish to reiterate comments that
4 have already been provided to the NYPA by the
5 Tonawanda Seneca Nation, the Council of Chiefs,
6 with respect to allocations of low-cost hydropower
7 (inaudible) at the Western New York Science and
8 Technology Advanced Manufacturing Park.

9 I've also brought a letter printed out. I
10 don't do great with reading statements out loud,
11 but here you go.

12 ALEX CHIARAVALLE: Thank you.

13 AMBER GOODBERRY: Absolutely. Thank you.

14 ALEX CHIARAVALLE: Would you like it read?

15 AMBER GOODBERRY: If it is -- if that's the
16 way things are usually proceeded.

17 SPEAKER: Let's enter it into the record
18 (inaudible) --

19 ALEX CHIARAVALLE: What?

20 SPEAKER: (Inaudible) in the record.

21 ALEX CHIARAVALLE: So we can just accept
22 the letter and put it into the record.

23 SPEAKER: Yes.

24 ALEX CHIARAVALLE: All right.

25 AMBER GOODBERRY: Thank you very much.

1 ALEX CHIARAVALLE: Thank you. Thank you.
2 Thank you, Amber.

3 Since no one else has signed up to speak,
4 we will recess and reconvene again as more
5 speakers arrive. Thank you.

6 (Brief recess.)

7 ALEX CHIARAVALLE: We are reconvening for
8 an additional speaker. Our next speaker is Neil
9 Patterson, Senior. Neil?

10 NEIL PATTERSON: I can say that I would say
11 a few words. I wasn't planning on saying
12 anything, but as you know, last -- last month --
13 was it?

14 SPEAKER: Yeah.

15 NEIL PATTERSON: We met at -- over there,
16 and it was with the Trustees -- not with the
17 Trustees, but listening to them. And I realized
18 how intertwined the New York Power Authority is
19 with politics in New York State. I mean, they're
20 brother and sister, you might say, or intertwined
21 as tight as you can be.

22 And what I heard was that you guys are
23 leaning towards nuclear power. And being who I
24 am, I can't fathom that in my mind, nuclear power,
25 again, in New York State.

1 About maybe 40 years ago -- 30 or 40 years
2 ago, they built a nuclear power station just north
3 of New York City, I understand. Never turned a
4 lick of power because the people in New York City
5 were afraid of it.

6 I'm thinking, what makes us less afraid
7 today of nuclear power? Just because there's less
8 ways to create havoc, less ways to create nuclear
9 waste, it doesn't mean we're ready for it. It
10 doesn't mean New York State is ready for it.

11 I worked in construction my whole life. I
12 worked at Somerset. I worked in Ithaca. I worked
13 at the Humvee Station. They're all passed,
14 though. They were coal-fired plants. They're all
15 gone. But I can't fathom why they shut them down
16 when they didn't have something to replace them.

17 You're replacing them with solar panels and
18 wind power. I've noticed for the past three or
19 four years, it sort of slowed down. Does New York
20 State have all that extra power to slow these
21 things down?

22 In Ithaca, it had zero emissions coming out
23 of that smokestack. The only thing that was
24 coming out of there was steam. And of course,
25 they had -- it would be Gibson, you call it, that

1 cleaned it out. And that's what I did there. I
2 was in charge of all the mechanical there in that
3 building, it was 10 stories high, cleaning all of
4 them. Now, I guess it's obsolete.

5 Before you make clothes that you're
6 wearing, the shoes that you're wearing, obsolete,
7 you should have another set to put on. I think
8 that's what New York State is, a little bit back
9 on, what's going to replace these things? Nuclear
10 power, in my opinion, is not the next step.
11 Nuclear power is dangerous. We all know this from
12 the past.

13 When I was working out in Somerset, the
14 guys that were working there, the engineer that --
15 I worked closely with the engineers down there,
16 they were making -- what was that one in
17 Pennsylvania? That went goofy --

18 SPEAKER: Three Mile --

19 NEIL PATTERSON: Three Mile Island. They
20 were already setting up to fix that. They had a
21 mockup on the top of that nuclear thing that would
22 be actually fixed, but a month too late. And now,
23 Three Mile Island, not so good.

24 So, before New York State goes on with
25 nuclear power -- and by the way, I understand it

1 takes approximately 10 years from the time you
2 decide to do it, the time it actually gets done,
3 if you're going to do it, what's wrong with the
4 one in New York City? Make that work. Put it
5 into Washington, D.C. Put it where all the
6 lawmakers are if it's that safe. Don't put it in
7 some swamp. Don't put it next to the Great Lakes.
8 Put it somewhere where it can be controlled by
9 human beings.

10 I hear a lot about AI lately, and we know
11 that's a threat. Everybody can understand that
12 it's a threat. So please, think about these
13 things. And you're close to the political powers
14 I -- I can get right now. So, maybe you ought to
15 tell them about it.

16 What are we going to do if they didn't have
17 an answer for Three Mile Island? They didn't have
18 an answer for Chernobyl. These are things that
19 are on everybody's mind. The average person. I
20 know you see it. Maybe you see a deficit, and the
21 power coming up. We don't know what the deficit
22 will be in five years. You guys are -- should be
23 already there, deficit (inaudible) power, if there
24 is one. We're (inaudible) of power. You guys
25 should know this, but the average person on the

1 street doesn't. Please think about these
2 things. Own it. Thank you for your comments.

3 SPEAKER: Thank you.

4 ALEX CHIARAVALLE: Thank you, Neil.

5 No one else has signed up to speak
6 currently, so we will recess and reconvene as more
7 speakers arrive. Thank you.

8 (Brief recess.)

9 FELISA HOCHHEISER: It is now 3:00 p.m.

10 As previously stated, the record of this
11 forum will remain open for additional comments
12 through the close of business, December 8th, 2025.

13 The November 18th, 2025, public forum on
14 the proposed increase in rates for the Authority's
15 Preference Power is now officially closed.

16 Thank you, and good day.

17 (End of the public meeting.)
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, Jackie Mentecky, Court Stenographer,
certify that I was authorized to and did report the
foregoing proceedings, and that the transcript is a true
and correct transcription of my notes of the proceedings.

Dated November 19, 2025.

/s/ Jackie Mentecky

Jackie Mentecky, Court Stenographer

TAB 2

NEW YORK POWER AUTHORITY.

Public Hearing

Hydroelectric Preference Power Rates

November 20, 2025

11:00 a.m. - 3:00 p.m.

NYPA SPEAKERS:

Michele Stockwell, Associate Corporate Secretary

Scott Tetenman, Senior Vice President of Finance

Alex Chiaravalle, Media Relations Specialist

PUBLIC SPEAKERS:

PAGE

Andrew McMahon, Massena Electric Department

14

Jim Stokes, MEUA

16

Sam Romero, Resident

17

Jackie Mentecky, Court Stenographer

MICHELE STOCKWELL: Good morning. This Public Forum on the proposed change in the Authority's Preference Power rates is being conducted pursuant to a Power Authority policy adopted by the Trustees in 1990.

My name is Michele Stockwell, and I am the Authority's Associate Corporate Secretary.

This Public Forum is not required by law and is being held in addition to the State Administrative Procedure Act process. The SAPA process, which provides for a 60-day public comment period, began on October 8th, 2025, and is scheduled to end on December 8th, 2025.

The purpose of this forum is to offer affected customers and the public an opportunity to present data, views, and positions for the Authority's Trustees to consider prior to taking final action on the proposed rate change.

This forum will not include a question-and-answer segment, so please use your time to share your thoughts, concerns, and insights. We are here to listen.

If you plan to make an oral statement, please provide your name and affiliation to the staff upon entering. Also, if you have a written

1 statement, you can mail or email it to the
2 Corporate Secretary.

3 Both oral and written statements will be
4 included in the official record. The record will
5 remain open for additional comments through the
6 close of business, Monday, December 8th, 2025.

7 Additional comments should be mailed or
8 emailed to the Corporate Secretary at 123 Main
9 Street, 9-B, White Plains, New York 10601. And
10 the email address is secretarys.office@nypa.gov.

11 At this point, I would like to introduce
12 Scott Tetenman, the Authority's Senior Vice
13 President of Finance, who will provide additional
14 details on the proposed rate change.

15 SCOTT TETENMAN: Thank you,
16 Ms. Stockwell.

17 And good morning, everybody. My name is
18 Scott Tetenman, and I am the Senior Vice President
19 of Finance at the New York Power Authority.

20 I am here today to present an overview of
21 the modifications being proposed by NYPA to the
22 hydroelectric preference power rates, referred to
23 as the 2026 Rate Plan.

24 By this action, the Authority is proposing
25 a six-year rate plan covering the period April

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2 increases in the preference power rates would be
3 the first rate increase since 2014.

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5 on a 70 percent load factor, are \$14.57 per
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22 Niagara Project relicensing host communities.

23 As I previously mentioned, NYPA last
24 changed its preference power rates in 2014, based
25 upon the 2011 Rate Modification Plan. The 2011

1 Modification Plan phased in preference power rates
2 to the cost-based rate with increases over four
3 years.

4 Approved by the NYPA Board of Trustees on
5 November 1st, 2011, the final rate under this
6 plan, made effective May 1st, 2014, was \$12.88 per
7 megawatt-hour, which is still in effect today.

8 NYPA has been providing preference power to
9 customers at this rate for the past 11 and
10 one-half years.

11 In December 2024, the Authority proposed a
12 rulemaking to increase preference power rates for
13 the first time since 2014. In March of 2025, NYPA
14 withdrew the 2024 proposed preference power
15 rulemaking in response to affordability concerns
16 raised by Governor Kathy Hochul and several
17 customer groups.

18 Now, subsequently, at the request of its
19 customers, NYPA actively re-engaged with its
20 preference power rate customers through their
21 associations or representatives, by providing
22 technical analytics, communicating the need for a
23 rate change, and gathering customer feedback and
24 support for the rate change.

25 In September of 2025, NYPA proposed the

1 2026 Rate Plan. This rate plan reflects lower
2 rates than NYPA had proposed in 2024 and addresses
3 customer feedback expressed during the prior
4 rulemaking process.

5 This rate plan represents less than a 3
6 percent annual increase on total bills for end-use
7 customers each year of the 2026 Rate Plan.

8 Now, the hydro cost of service of the
9 Niagara and St. Lawrence facilities is attached to
10 the September 23rd, 2025, Trustee memorandum
11 initiating the SAPA process.

12 NYPA incorporated ratemaking methodologies
13 in this hydro cost of service that have been
14 adopted previously, with some changes, which I
15 will describe.

16 Many of these methodologies stem from the
17 April 2003 final rate action approved by the
18 Trustees and agreed to by preference power rate
19 customers who were active parties in the 2003 rate
20 proceeding, continued in NYPA s 2007 preference
21 rate action, and then used again, with
22 modifications, in the development of the 2011 Rate
23 Plan.

24 The total hydro project costs, net of
25 unforced capacity, or UCAP, and ancillary service

1 revenue credits, are 326 million, 360 million, 359
2 million, 369 million, 380 million, and 394 million
3 for the 2026 to 2032 calendar years, respectively.

4 The principal cost drivers responsible for
5 the increases are the past and projected capital
6 investments at the facilities. In fact, since the
7 2011 Rate Plan and through 2024, NYPA has invested
8 over 1.2 billion in plant and equipment in the
9 hydro projects.

10 NYPA has also initiated its Next Generation
11 Niagara Modernization and Digitization Project, a
12 capital investment program to replace end-of-life
13 assets with new and modern plant and equipment,
14 with an expected cost of 1.1 billion over the 2017
15 through 2039 time period.

16 Additionally, the Authority has experienced
17 inflationary pressure on its operating and
18 maintenance expenses, including administrative and
19 general expenses.

20 Now, the Rate Stabilization Reserve, or
21 RSR, is a contractual mechanism NYPA uses to
22 ensure rate stability, and which also provides
23 guidance on ratemaking.

24 The RSR balance is determined on an annual
25 basis and calculates the difference between actual

1 costs and revenues collected through preference
2 power rates.

3 Based on recent RSR calculations, the
4 Authority is under-recovering its costs under the
5 existing preference power rates.

6 The 2026 Rate Plan introduces a gradual
7 increase in rates over a six-year period from
8 April 1st, 2026, through March 31st, 2032.

9 Additionally, the rate plan includes
10 updated costs and revenue projections, and a
11 change in methodology that lowers the cost of
12 capital.

13 The 2026 Rate Plan includes several
14 ratemaking methodology changes to develop the
15 preference power rates, demonstrates our
16 commitment to minimize costs, and to provide
17 administrative simplicity and transparency within
18 the cost recovery processes.

19 First, to address customer concerns about
20 rising costs, NYPA is proposing to cap and fix the
21 recovery of its operational and general costs.
22 The 2025 through 2031 gross Administrative and
23 General expenses, or A&G expense recovery, will be
24 based on 2023 actual expenses, which were
25 \$212,665,707, which will then be escalated by 4

1 percent annually through 2031, and will not be
2 reconciled to actual A&G expenses in those years.

3 However, allocated A&G will be reconciled
4 through the RSR based on annual updates to the
5 labor ratio.

6 Similarly, the 2025 through 2031 O&M
7 expense recovery will be fixed and not subject to
8 reconciliation.

9 Any direct O&M related to emergent work at
10 the Niagara and St. Lawrence facilities will
11 continue to be subject to reconciliation through
12 the RSR.

13 Further, NYPA staff proposes the following
14 adjustments to the treatment of ancillary services
15 and UCAP credits in the hydro cost of service on a
16 permanent basis.

17 The treatment of ancillary services will
18 now be the same as the treatment of merchant UCAP
19 revenues, wherein ancillary services revenues are
20 credited to the hydro cost of service and
21 reconciled to actuals through the RSR.

22 The UCAP credit for the hydro cost of
23 service will be calculated based on the assumption
24 that all excess UCAP related to the hedged
25 portion, specifically bilateral transactions, will

1 be priced in the cost of service at the monthly
2 average of the rest-of-state UCAP auction prices
3 in the wholesale market, using an equally weighted
4 average of the prices in all NYISO UCAP auction
5 markets.

6 NYPA will continue to hedge its capacity
7 portfolio in its sole discretion, based upon
8 internal policies and market conditions, and will
9 make an adjustment to reflect wholesale market
10 pricing for hydro cost of service purposes only.

11 Second is a change to the recovery of
12 capital costs. Prior to the 2026 Rate Plan, NYPA
13 used a modified trended original cost methodology
14 for assets funded with equity and the original
15 cost methodology for assets funded with debt.

16 These methodologies required NYPA to track
17 all asset vintages. Now, due to a change in the
18 depreciation rate methodology that NYPA follows in
19 2021, which involved a move-to-group depreciation,
20 NYPA no longer tracks individual assets by vintage
21 in its accounting system.

22 NYPA proposes adopting a more traditional
23 ratemaking methodology of rate base times cost of
24 capital for determining its capital recovery.

25 Moving forward, the cost of capital will be

1 defined as NYPA's actual long-term debt rate.
2 NYPA's long-term debt rate, currently 4.4 percent,
3 represents a lower cost of capital than initially
4 contemplated in the 2024 proposal.

5 Now, this change in capital cost recovery
6 methodology offsets other cost drivers in the rate
7 plan, thus producing a more modest rate impact.

8 Next, to reduce volatility in the RSR
9 balance caused by fluctuations in actual energy
10 generated from the plant, and in response to
11 customer feedback, NYPA will be using a five-year
12 average of actual generation for the cost-based
13 rate calculation, replacing the traditional
14 long-term average generation.

15 Previously described changes, including the
16 crediting of ancillary services and UCAP revenues,
17 and the new capital cost recovery methodology to
18 the hydro cost of service, will be used in the RSR
19 reconciliations.

20 Lastly, NYPA staff proposes to eliminate
21 normalization of the ReCharge New York load as the
22 program is nearly fully subscribed, and further
23 administrative simplifications of the RSR
24 calculation for ease of understanding.

25 Now, as per the customer request, NYPA

1 further proposes that 50 percent of each year s
2 rate increase is to be recovered through the
3 demand rate and the remaining 50 percent through
4 the energy rate.

5 The resulting energy rates are as follows:
6 \$5.76 per megawatt-hour, effective April 1st,
7 2026. \$6.61 per megawatt-hour, effective April
8 1st, 2027. \$7.45 per megawatt-hour, effective
9 April 1st, 2028. \$8.29 per megawatt-hour,
10 effective April 1st, 2029. \$9.14 per
11 megawatt-hour, effective April 1st, 2030. And
12 \$9.98 per megawatt-hour, effective April 1st,
13 2031.

14 And the resulting demand rates are as
15 follows: \$4.50 per kilowatt-month, effective
16 April 1st, 2026. \$4.93 per kilowatt-month,
17 effective April 1st, 2027. \$5.36 per
18 kilowatt-month, effective April 1st, 2028. \$5.79
19 per kilowatt-month, effective April 1st, 2029.
20 \$6.22 per kilowatt-month, effective April 1st,
21 2030. And \$6.65 per kilowatt-month, effective
22 April 1st, 2031.

23 As NYPA s Assistant Corporate Secretary,
24 Michele Stockwell, stated earlier, the Authority
25 will also accept written comments on the proposed

1 rates through December 8th, 2025.

2 And I will now turn the forum back over to
3 Ms. Hochheiser.

4 MICHELE STOCKWELL: Thank you,
5 Mr. Tetenman.

6 At this time, do we have speakers at our
7 Albany location who wish to comment?

8 SCOTT TETENMAN: We do.

9 MICHELE STOCKWELL: Okay. In that case, I
10 will now hand the form over to Alex Chiaravalle,
11 the Authority's Media Relations Specialist, to
12 call on speakers.

13 ALEX CHIARAVALLE: Thank you, Michele.

14 Our first speaker today is Andrew McMahon.
15 Andrew?

16 ANDREW MCMAHON: Hello, everyone. My name
17 is Andrew McMahon, and I am the Superintendent of
18 the Massena Electric Department. I am also on the
19 executive committee of the New York Association of
20 Public Power, or NYAPP, and I speak on their
21 behalf today.

22 NYAPP advocates for municipal electric
23 utilities and rural electric co-ops that are
24 Preference Power customers of NYPA. By law,
25 Preference Power customers are entitled to

1 purchase power from NYPA at cost-based rates.

2 My focus, and that of my colleagues who run
3 the municipal and cooperative utilities, is to
4 provide reliable service and affordable rates for
5 our citizen-owned and local businesses.

6 In December of 2024, NYPA proposed a rate
7 increase based on unilateral changes in rate
8 design that were not consistent with NYPA's
9 commitments to supply power at cost-based rates.

10 In January of this year, I spoke out
11 against NYPA's proposal, along with a number of my
12 colleagues and others. We thought the initial
13 proposal was unjustified, it was not affordable,
14 and was foregoing important rate-setting
15 precedent.

16 I'm happy to say that NYPA ultimately
17 listened to our concerns and pulled back its
18 initial proposal. We have been able to
19 collaborate on this new proposal that is more
20 affordable and in keeping with NYPA's requirements
21 to sell power at cost-based rates to preference
22 power customers.

23 Further, this proposal acknowledges key
24 rate-making principles as guidelines for future
25 rate cases. While any rate case is unpleasant, on

1 behalf of MED and NYAPP, I can say we are
2 comfortable that this proposed increase is
3 appropriate and is consistent with our contract
4 and the relevant statutes.

5 Thank you for your time today.

6 SPEAKER: Thank you, Andrew.

7 ALEX CHIARAVALLE: Thank you, Andrew.

8 Our speaker is Jim Stokes. Jim?

9 JIM STOKES: Good morning, everyone. My
10 name is Jim Stokes. I'm the Executive Director of
11 the Municipal Electric Utilities Association of
12 New York State, an association of 40 municipal
13 electric systems throughout Upstate New York.

14 I spoke at the forum in Niagara earlier
15 this week, so I will be brief. I'm not here to
16 offer repetitive comments or bore you, but the
17 purpose in being here today is to express and
18 emphasize MEUA and its member systems' strong
19 support for the adoption of this rate plan as
20 proposed.

21 Affordability for our retail customers of
22 our member systems is of the utmost importance,
23 but from MEUA's perspective, so is the maintenance
24 and enhancement of the resource that is the
25 Niagara Power Project. It's a critical importance

1 going forward in the years to come.

2 We feel this rate plan accomplishes both
3 objectives to the best degree possible, and we
4 urge the Trustees to approve it as proposed.
5 Thank you.

6 SPEAKERS: Thank you.

7 ALEX CHIARAVALLE: Thank you, Jim.

8 As no one else has signed up to speak at
9 the forum, we will recess and reconvene as more
10 speakers arrive. Thank you.

11 (Brief recess.)

12 MICHELE STOCKWELL: All right. We are back
13 in open session. I will now hand the forum over
14 to Alex to call on another speaker.

15 ALEX CHIARAVALLE: Thank you, Michele.

16 Our next speaker is Sam Romero. Sam?

17 SAM ROMERO: Hi. My name is Sam Romero.
18 I'm from Delmar, New York, and I'm here to address
19 the New York Power Authority as an ally to the
20 Tonawanda Seneca Nation, a federally recognized
21 Indigenous Nation, and part of the homogeny.

22 As a concerned resident of New York State,
23 I wish to reiterate comments that have already
24 been provided to NYPA by the Tonawanda Seneca
25 Nation, Council of Chiefs, with respect to

1 (inaudible) of low-cost hydropower sought by
2 tenants of the Western New York Science and
3 Technology Advanced Manufacturing Park,
4 (inaudible) industrial sites in Alabama, New York.

5 To date, NYPA has already allocated 64,900
6 kilowatts to stamp tenants. 4,900 kilowatts of
7 replacement power to Edwards Facium, LLC, and
8 10,000 kilowatts of expansion power, plus 50,000
9 kilowatts of replacement power to Plug Power
10 Incorporated. While the hearing today does not
11 explicitly pertain to the low cost of new NY
12 hydropower program, as established by PAL
13 1005(13-a), given the finite supply of hydropower
14 produced at the Niagara Power Project, the nation
15 believes that changes to the Preference Power Rate
16 Plan must be considered in conjunction with
17 decisions pertaining to allocations of this finite
18 resource to industrial customers, such as those at
19 Stamp.

20 These important allocations are, in fact,
21 inextricably connected and should not be
22 considered separately.

23 In an April 28th, 2025 letter to NYPA CEO
24 Justin Driscoll, the Tonawanda Seneca Nation
25 requested the following demands, which I hereby

1 reiterate: As a courtesy, the Nation requests
2 that NYPA directly inform them in the event
3 (inaudible) there are low-cost power allocation
4 request made for projects at Stamp. The Nation
5 voices its strong opposition to any allocation of
6 low-cost hydropower to a data center at the Stamp
7 mega-industrial site, which is located in Seneca
8 ancestral territory, adjacent to and upstream from
9 the Nation's Treaty-confirmed reservation
10 territory.

11 Stamp possesses a profound threat to
12 Tonawanda Seneca people, their reservation
13 territory, and the surrounding environment.

14 By its nature, a data center would fail to
15 meet NYPA's statutory criteria for low-cost power
16 allocations on the following grounds: One,
17 location outside statutory 30-mile zones. Two,
18 terrible jobs to power ratio. Three, no
19 significant benefits for Western New York. Four,
20 short project lifespan. And five, poor job
21 security, stability.

22 Because data centers fail to meet the
23 criteria established by the legislature for
24 allocation of low-cost hydropower, NYPA should
25 reject any application for such power from a data

1 center operator at Stamp.

2 Because the Nation is a disadvantaged
3 community, under the Climate Leadership and
4 Community Protection Act, CLCPA, New York
5 Environmental Conservation Law 75-01-01, NYPA must
6 conduct analysis required by the CLCPA, Statute
7 73, before approving any application or project at
8 Stamp. Statute 73 prohibits state agencies from
9 issuing permits, licenses, and other
10 administrative approvals and decisions that
11 disproportionately burden disadvantaged
12 communities.

13 I wish to raise an additional point. In
14 recent weeks, Stamp tenant Plug Power has
15 announced its intention to monetize its
16 electricity rights in New York State and has
17 indicated its intent to sell these rights to a
18 data center developer.

19 This is outrageous and unacceptable. Plug
20 Power must not be allowed to monetize its
21 electricity rights to Stamp, which never should
22 have been allocated to Plug in the first place,
23 given its utter failures to meet the criteria
24 established in PAL 1005(13-a).

25 That is it.

1 ALEX CHIARAVALLE: Thank you very much for
2 your comments.

3 SPEAKERS: Thank you.

4 SPEAKER: Thank you for coming by.

5 ALEX CHIARAVALLE: Thank you, Sam.

6 SAM ROMERO: Thank you.

7 ALEX CHIARAVALLE: We will recess now as no
8 further speakers are signed up. We will reconvene
9 as more speakers arrive. Thank you.

10 (Brief recess.)

11 MICHELE STOCKWELL: Okay. It's now 3:00
12 p.m.

13 As previously stated, the record of the
14 forum will remain open for additional comments
15 through the close of business, December 8th, 2025.

16 The November 20th, 2025, Public Forum on
17 the proposed increase in rates for the Authority's
18 preference power is now officially closed.

19 Thank you, and good day.

20 (End of the public hearing.)

21

22

23

24

25

C E R T I F I C A T E

I, Jackie Mentecky, Court Stenographer,
certify that I was authorized to and did report the
foregoing proceedings, and that the transcript is a true
and correct transcription of my notes of the proceedings.

Dated November 22, 2025.

/s/ Jackie Mentecky

Jackie Mentecky, Court Stenographer

TAB 3

Statements Submitted at Public Forums

TAB 3-A

Statement of Amber Goodberry

NYPA Preference Power Rate Change Plan Public Hearing comments - November 2025

Hello. My name is X and I am here to address the New York Power Authority as an ally of the Tonawanda Seneca Nation, a federally recognized Indigenous Nation and part of the Haudenosaunee. As a concerned resident of New York State, I wish to reiterate comments that have already been provided to NYPA by the Tonawanda Seneca Nation Council of Chiefs with respect to allocations of low-cost hydropower sought by tenants at the Western New York Science and Technology Advanced Manufacturing Park (STAMP) mega industrial site in Alabama, New York. To date, NYPA has already allocated 64,900 kW to STAMP tenants - 4,900 kW of Replacement Power to Edwards Vacuum LLC, and 10,000 kW of Expansion Power plus 50,000 kW of Replacement Power to Plug Power Inc.

While the hearing today does not explicitly pertain to the Low-Cost WNY Hydropower Program, as established by PAL §1005(13)(a), given the finite supply of Hydropower produced at the Niagara Power Project, the Nation believes that changes to the Preference Power Rate Plan **MUST** be considered in conjunction with decisions pertaining to allocations of this finite resource to industrial customers such as those at STAMP. These important allocations are in fact inextricably connected and should not be considered separately.

In an April 28, 2025 letter to NYPA CEO Justin Driscoll, the Tonawanda Seneca Nation requested the following demands, which I hereby reiterate:

- As a courtesy, the Nation requests that NYPA **directly inform them** directly in the event there are low-cost power allocation requests made for projects at STAMP.
- The Nation voices its strong opposition to any allocation of low-cost hydropower to a data center at the STAMP mega-industrial site, which is located in Seneca ancestral territory adjacent to and upstream from the Nation's treaty-confirmed Reservation Territory. STAMP poses a profound threat to Tonawanda Seneca people, their Reservation Territory, and the surrounding environment. By its nature, a data center would fail meet NYPA's statutory criteria for low-cost power allocations on the following grounds: 1) Location outside statutory 30-mile zone; 2) Terrible jobs-to-power ratio; 3) No significant benefits for the Western New York; 4) Short Project Lifespan; and 5) Poor job security/stability. Because data centers fail to meet the criteria established by the legislature for allocation of low-cost hydropower, NYPA should reject any application for such power from a data center operator at STAMP.
- Because the Nation is a disadvantaged community under the Climate Leadership and Community Protection Act ("CLCPA"), N.Y. Env't Conserv. Law § 75-0101, NYPA must conduct analysis required by CLCPA Statute 7(3) before approving any application for a project at STAMP. Statute 7(3) prohibits state agencies from issuing "permits, licenses, and other administrative approvals and decisions" that "disproportionately burden disadvantaged communities."

Additionally, I wish to raise an additional point. In recent weeks, STAMP tenant Plug Power has announced its intention to monetize its "electricity rights" in NYS and has indicated its intent to sell these rights to a data center developer. This is outrageous and unacceptable. Plug Power must not be allowed to monetize its "electricity rights at STAMP, which never should have been allocated to Plug in the first place given its utter failure to meet the criteria established in PAL §1005(13)(a).

TAB 3-B

Statement of Travis Dubois

Goal ~375 words

Good morning. My name is Travis DuBois and I am the Superintendent for the Village of Sherburne Electric Department – one of the 47 municipalities and 4 rural electric cooperatives in NY State that own and operate their own Electric Utility. I am also an executive committee member for NYAPP, the NY Association of Public Power, which advocates for Public Power communities.

Sherburne has been purchasing hydropower from NYPA since the completion of the Niagara Power Project in 1961. As a result, Sherburne and other NYAPP members provide their customers with over 85% renewable energy. Sherburne and other NYAPP members have contracts with NYPA to purchase hydropower at cost-based rates through the year 2040. The savings are passed on to Sherburne's end-use customers.

In December of 2024, NYPA presented a rate increase based on unilateral changes in rate design that were not consistent with NYPA's contractual commitments to supply power at cost-based rates to preference power customers. 12/25/24

In January, I spoke out against NYPA's proposal, along with several of my colleagues and others.

NYPA's revised Rate Modification Plan is more affordable and in keeping with NYPA's requirement to provide cost-based rates. Further, NYPA's revised proposal acknowledges the key points of preference power rate-making as a guideline for future rate reviews. Sherburne and other NYAPP members offer their consent for the current proposal.

We at NYAPP appreciate our longstanding partnership with NYPA, and we look forward to continuing our relationship in accordance with the Niagara Redevelopment Act.

I want to stress that we need to continually focus on supporting and retaining businesses in our communities and in New York.

"My highest priority as the Superintendent of our electric utility is to provide reliable service at affordable rates for Sherburne's citizens and businesses. That is also the objective of the other members of NYAPP."

On behalf of NYAPP and Sherburne, I thank you for this opportunity to comment on the Rate Modification Plan.

Travis

TAB 4

Written Comments

TAB 4-A

**Letter from Aaron Mark Zimmerman, Esq., P.C. - The
Legal Team (10/9/2025)**

The Legal Team

An Association of Independent Non-Partner Attorneys-At-Law

Andrew N. Piraino, Esq. AND Aaron Mark Zimmerman, Esq., P.C.
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October 9, 2025

Secretary
Power Authority of the State of New York
secretaryoffice@nypa.gov

Re: Public Comment on the Proposed Rate for Preference HydroPower
Response to Justin E. Driscoll's Memorandum of September 23, 2025

Dear PASNY Secretary:

INTRODUCTION

On September 23, 2025, the Board of Trustees acted upon a Memorandum from the President & Chief Executive Officer regarding *Hydroelectric Preference Power Rates-Notice of Proposed Rule Making*. The Trustees directed that Public Comments would be open from October 8, 2025. I represent Lawrence Sloane, who is a party to a contract with the Power Authority of the State of New York [hereafter PASNY] dated March 5, 1986. Mr. Sloane does not agree to any changes or modifications of this contract. Moreover, he objects to any change in the ratemaking methodology and objects to any Preference Power Rate that exceeds "cost." To that end, on Mr Sloane's behalf, I submit the following comments.

The Proposed Hydroelectric Preference Power Rate methodology and proposed rate:

- 1] is statutorily illegal,
- 2] violates existing court orders, and
- 3] is a breach of an existing contract.

BACKGROUND

A portion of that hydropower produced at the Niagara and St. Lawrence Projects is required to be sold to certain Preference Power customers which include municipal power systems and rural cooperative power systems. Another portion of Hydro Power is sold at the Preference Power Rate to Investor Owned utilities for the benefit of Residential and Domestic customers.

FEDERAL AND STATE STATUTE OBLIGATIONS

1. PASNY is obligated by federal and state statutes to sell Preference Hydro Power at the “cost.” See:

- * 16 USC §836 [Niagara Redevelopment Act] and
- * Power Authority Act §1001, et seq.

CASE LAW OBLIGATIONS

2. The rulings in *Auer v Dyson* define “cost.” See:

- * *Auer v Dyson* 110 Misc2d 943 [Sup Crt, Oswego County 1981]
- * *Auer v Dyson* Order and Judgment filed April 12, 1982
[Justice Tenney, Oswego County Index # 81/124]
- * *Auer v Dyson* 125 Misc2d 274 [Sup Crt Oneida County 1984];
affirmed 112 AD2d 8013 [4th Dept 1985]
- * *Auer v Dyson* Order and Judgment dated September 19, 1984
[Justice Tenney, Oswego County Index # 81/124]
- * *Auer v Dyson* Order, Judgment, and Decree dated January 10, 1986
[Justice Tenney, Oswego County Index # 81/124]

The *Auer v Dyson* decisions, orders, judgments and decrees remain in full force and effect. PASNY may not deviate from these affirmative court mandates.

The Trustees propose to supplant the Trended Original Cost protocol with a rate methodology more closely akin to traditional utility ratemaking.

In *Village of Bergen v Power Authority of the State of New York* 284 AD3d 976 [4th Dept 2001] the court reiterated that “even though a rate-setting methodology may be reasonable, it may not result in the lowest possible rate required by Public Authorities law §1005(5).” The essence of this concept is that no matter how PASNY attempts to manipulate the rate it charges for Preference Hydro Power, the rate charged must be “cost” as defined by *Auer v Dyson*.

Bergen precludes PASNY from “adopt[ing] a more traditional ratemaking methodology of rate base times cost of capital.” [Driscoll Memorandum at “Hydro COS”] The *Bergen* decision also requires the sale of Preference Hydro Power to be at “cost” as defined by the several *Auer v Dyson* decisions, orders, judgments and decrees. To the extent the “more traditional rate making methodology” develops a rate which exceeds “cost,” that methodology is prohibited.

CONTRACTUAL OBLIGATIONS

3. Lawrence Sloane is one of the plaintiffs in the several captioned *Auer v Dyson* matters. Following his successful court proceedings, Mr Sloane, along with a great number of municipal electric power systems and rural electric cooperative power systems entered into a contractual agreement with PASNY dated March 5, 1986. This contract requires PASNY to sell Preference Hydro Power generated at the St. Lawrence and Niagara Projects at “cost.”

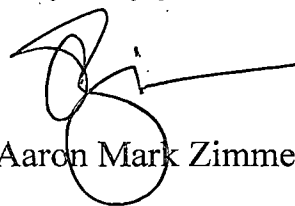
This contract, at ¶ 22, expressly provides that the terms of the contract may not

be changed "except by a writing signed by all the signatories to this agreement." Mr. Sloane as a signatory to the subject contract has never subsequently signed nor otherwise agreed to any change in the terms of the contract. Therefore the terms of the contractual agreement with PASNY dated March 5, 1986 remain in full force and effect.

CONCLUSION

Based on the above facts, the new proposed Preference Hydro Power rate and the proposed rate setting methodology is illegal and improper to the extent the rate and/or rate setting protocols violate the applicable state and federal statutes, violate the decisions, orders, judgments, and decrees of the court; or violates the contract PASNY agreed to.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Aaron Mark Zimmerman', with a long horizontal line extending to the right.

Aaron Mark Zimmerman, Esq., P.C.

TAB 4-B

**Comment of Neighboring States Preference Customers
(12/4/2025)**

**BEFORE THE
POWER AUTHORITY OF THE STATE OF NEW YORK**

Rates for the Sale of Power)
and Energy) NY State Register ID No. PAS-40-25-00011-P

**MOTION TO INTERVENE, LIMITED PROTEST AND COMMENTS, AND
RESERVATION OF RIGHTS OF
NEIGHBORING STATES PREFERENCE CUSTOMERS**

The Neighboring States Preference Customers¹ respectfully tender for filing this Motion to Intervene, Limited Protest and Comments, and Reservation of Rights in the above-captioned ratemaking proceeding initiated by the staff of the Power Authority of the State of New York (“NYPA”) to obtain NYPA Board of Trustees (“NYPA Board”) approval of a rate increase for preference power supplied from NYPA’s Niagara and St. Lawrence hydroelectric projects. Specifically, NYPA staff seeks approval of a rate plan (“2026 Rate Plan”) that would commence on April 1, 2026 and that would require modifications to the ratemaking commitments enshrined in the preference power contracts between NYPA and the Neighboring States Preference Customers. As detailed below, the Neighboring States Preference Customers request that the record in this case be supplemented to include an identification of necessary modifications to existing preference power contracts necessitated by approval of the 2026 Rate Plan. The Neighboring States Preference Customers also

¹ The Neighboring States Preference Customers are composed of the following entities located in the seven states (Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont) that are entitled to an allocation of power from the Niagara and St. Lawrence hydroelectric projects owned and operated by NYPA: Connecticut Municipal Electric Energy Cooperative; Massachusetts Municipal Wholesale Electric Company; Public Power Association of New Jersey; Cleveland Public Power; American Municipal Power, Inc.; Buckeye Power, Inc.; Allegheny Electric Cooperative, Inc.; Pacoag Utility District; and Vermont Department of Public Service. Each either serves as a Bargaining Agent for the preference power customers of one of these states and/or is such a preference power customer.

request that NYPA issue two clarifications regarding the change in ratemaking methodology that is embodied in the 2026 Rate Plan.

I. BACKGROUND

Pursuant to Section 1005(5) of New York's Public Authorities Law,² the federal Niagara Redevelopment Act,³ the Federal Energy Regulatory Commission licenses for the two hydroelectric projects,⁴ and Article X of the Neighboring States' contracts with NYPA, power generated by NYPA's hydroelectric facilities is to be sold to the Neighboring States at preference power rates. In total, the Neighboring States are currently allocated an aggregate of approximately 266.6 MW of hydroelectric power from NYPA's Niagara and St. Lawrence projects, with approximately 34.5 MW of that amount from the St. Lawrence Project and approximately 232.1 MW of that amount from the Niagara Project.

The current preference power rate structure was established by the NYPA Board at its November 15, 2011 meeting with an effective date of December 1, 2011. Pursuant to this rate structure, preference power rates increased as of December 1, 2011 with successive rate increases on May 1st of each of the next three years. The current preference power rates have been in effect since May 1, 2014.

In anticipation of seeking NYPA Board approval of a rate increase, NYPA staff informed the Neighboring States Preference Customers of its intent, and it engaged in a

² N.Y. Pub. Auth. Law § 1005(5) (2025).

³ 16 U.S.C. § 836 (2018).

⁴ *N.Y. Power Auth.*, 118 FERC ¶ 61,206, at PP 68-83 (2007) (approving the provision of preference power to Neighboring States in the relicensing of the Niagara Project); *N.Y. Power. Auth.*, 105 FERC ¶ 61,102, at PP 102-38 (2003) (approving the provision of preference power to Neighboring States in the relicensing of the St. Lawrence Project), as modified by *Power Auth. of State of N.Y.*, 107 FERC ¶ 61,259 (2004), and *Power Auth. of the State of N.Y.*, 109 FERC ¶ 61,092 (2004).

dialog with the Neighboring States Preference Customers regarding the extent of and reasons for the proposed rate increase.

On December 24, 2024, NYPA initiated a ratemaking proceeding with the publication of a notice in the *New York State Register*.⁵

On February 12, 2025, the Neighboring States Preference Customers received informal notice from NYPA staff that, notwithstanding the considerable work that NYPA staff had undertaken to develop its rate increase proposal, it had decided to withdraw the proposal.

Thereafter, NYPA staff again engaged in a dialog with Neighboring States Preference Customers and unveiled a new rate plan—the 2026 Rate Plan at issue in this proceeding.

On September 23, 2025, NYPA initiated this ratemaking proceeding with a memorandum (“NYPA Staff Memorandum”) to the NYPA Board justifying and seeking approval of the 2026 Rate Plan.

On October 8, 2025, NYPA published notice in the *New York State Register* of the ratemaking proceeding.⁶ The publication of this notice in the *New York State Register* established a comment deadline of December 8, 2025.

II. MOTION TO INTERVENE

As noted above, the Neighboring States are currently allocated an aggregate of approximately 266.6 MW of hydroelectric power from NYPA’s hydropower projects. Each of the Neighboring States Preference Customers either serves as a Bargaining Agent for the preference power customers of one of the Neighboring States or is such a preference power customer. The Neighboring States Preference Customers either negotiate the contracts and

⁵ XLVI N.Y. Reg. 40 (Dec. 24, 2024).

⁶ XLVII N.Y. Reg. 12 (Oct. 8, 2025).

rates for the provision of the statutorily mandated allocations of preference power to the Neighboring States and/or pay the rates for such preference power.

Accordingly, the Neighboring States Preference Customers have a direct interest in and will be affected by the outcome of this proceeding. The interests of the Neighboring States Preference Customers cannot be adequately represented by any other entity or party. The Neighboring States Preference Customers, therefore, request that each be granted party status in this proceeding to the full extent of NYPA's regulations and New York state law so that they may participate in all stages of this proceeding for all purposes.

III. LIMITED PROTEST AND COMMENTS

As an initial matter, the Neighboring States Preference Customers would like to acknowledge NYPA staff's engagement and outreach during the past two years as it worked to develop the 2026 Rate Plan. NYPA staff hosted several conference calls with the Neighboring States Preference Customers and entertained four sets of data requests as the Neighboring States Preference Customers worked to understand NYPA staff's proposals. Throughout this period, NYPA staff was solicitous of the opinions of the Neighboring States Preference Customers and responsive to the concerns of the Neighboring States Preference Customers. Ultimately, through this dialog, the Neighboring States Preference Customers have grown comfortable with the main points of the 2026 Rate Plan. The Neighboring States Preference Customers provide this Limited Protest and Comments to express concerns with two discrete aspects of the 2026 Rate Plan.

A. If It Approves the Fundamental Changes in Ratemaking Methodology Embodied in the 2026 Rate Plan, the NYPA Board Should Provide Additional Certainty with Respect to Implementation of the New Methodology.

By statute, NYPA is obligated to sell preference power to the Neighboring States at, in the words of the Article X of the current preference power contracts between NYPA and the Neighboring States' Bargaining Agents, "cost-based rates equivalent to rates charged to in-state preference power customers" receiving preference power. To ensure that the rates for preference power represent NYPA's cost of providing service, Article X includes a commitment by NYPA to employ certain ratemaking methodologies therein enumerated. The first of these enumerated ratemaking methodologies is adherence to the *Auer* Principles, which are terms established in a March 5, 1986 settlement agreement resolving a dispute in three federal and state courts actions between NYPA and in-state preference power customers. The March 5, 1986 settlement agreement containing the *Auer* Principles is attached to the preference power contracts as Appendix B. *Auer* Principle #9 provides as follows:

In setting such rates, the Authority will not, except with respect to interest on indebtedness, include charges attributable to a real return on its investment including the real time value of capital and the cost of bearing risk.

Auer Principle #9 denies NYPA the ability to recover a real return on capital, beyond the cost of debt.

The *Auer* Principles were enshrined into the preference power contracts with the Neighboring States to ensure that the rates NYPA collected for preference power reflected no more and no less than its cost of providing service. Underscoring the importance of the *Auer*

Principles and the other enumerated ratemaking methodologies to determining the cost of providing service, Article X of the preference power contracts provides,

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer shall have the right to take any position whatsoever with respect to such methodology or principle . . .

In short, they are important customer protections. Since the execution of the March 5, 1986 settlement, NYPA has calculated rates in conformance with the *Auer* Principles, which has meant that, using its Modified Trended Original Cost/Original Cost capital cost recovery methodology (“MTOC/OC Methodology”), NYPA has foregone earning a real return on capital pursuant to *Auer* Principle #9.

The 2026 Rate Plan, however, calls for NYPA to replace the MTOC/OC Methodology with, in the words of the NYPA Staff Memorandum, “a more traditional ratemaking methodology of rate base times cost of capital.” The NYPA Staff Memorandum indicates that the cost of capital used in this calculation would be defined as NYPA’s cost of long-term debt, which currently sits at 4.4%. The NYPA Staff Memorandum also identifies the replacement methodology as a change “from previous practice” that would “represent changes to existing contracts.”

The Neighboring States Preference Customers understand the proposal to shift from the MTOC/OC Methodology to a rate-base-times-cost-of-capital approach is, in part, driven by NYPA’s implementation of group depreciation accounting. In addition, the Neighboring States Preference Customers agree with the NYPA Staff Memorandum that the rate-base-times-cost-of-capital approach is more widely employed in electric utility ratemaking. For these reasons, the Neighboring States Preference Customers do not oppose the change in

methodology so long as NYPA makes two further commitments described below in relation to the new approach.

- ***NYPA should commit to establishing the cost of capital as the weighted average cost of outstanding long-term debt.*** As noted above, the NYPA Staff Memorandum proposes to establish the cost of capital used in its new approach as its “actual cost of long-term debt.” In discussions with NYPA staff since release of the NYPA Staff Memorandum, the Neighboring States Preference Customers understand that the ratemaking methodology would employ NYPA’s embedded cost of debt, which is the *weighted average* cost of all of its outstanding long-term debt each year. Use of the weighted average cost of outstanding long-term debt—rather than the cost of long-term debt in that year—will more closely link the debt associated with the assets providing service and is consistent with traditional ratemaking principles. In addition, use of the weighted average cost of outstanding long-term debt would reduce conflicts or concerns surrounding the annual reconciliations of the Rate Stabilization Reserve. Therefore, in approving the 2026 Rate Plan, NYPA should clarify that cost of capital will be equal to NYPA’s weighted average cost of outstanding long-term debt.
- ***NYPA should clarify that the new methodology will remain in effect, including establishing the cost of capital as the weighted average cost of outstanding long-term debt, throughout the provision of service.*** Changes in ratemaking methodologies are inherently fraught with risk of under- or over-recovery in any such transition, and they are disruptive to utilities and customers alike. Therefore, in approving the 2026 Rate Plan, NYPA should clarify that the new approach will be employed for the duration that it provides preference power service or at least until such time as both NYPA and the preference power customers may agree that a change is appropriate.

The Neighboring States Preference Customers have significant concerns about a change in ratemaking methodology that would require NYPA to jettison its longstanding approach and particularly *Auer* Principle #9. Nonetheless, the Neighboring States Preference Customers would accede to this change with assurances that NYPA may provide as to use of the weighted average cost of outstanding long-term debt and the durability of the new methodology, as discussed above.

B. The NYPA Board Should Insist on Reviewing Proposed Revisions to Existing Contracts in Considering the 2026 Rate Plan.

The NYPA Staff Memorandum indicated that NYPA Board approval of the 2026 Rate Plan would necessitate changes to existing contracts. The NYPA Staff Memorandum further pledged to engage with customers following NYPA Board approval “to include appropriate contract modifications” and subsequently seek NYPA Board approval of the modified contracts.

In the discussion above, the Neighboring States Preference Customers noted that the change in ratemaking methodology from the MTOC/OC Methodology to a rate-base-times-cost-of-capital approach would require a modification to one of the *Auer* Principles, one of the long-standing ratemaking commitments enshrined in preference power contracts. As noted above, the *Auer* Principles are commitments made by NYPA in 1986 to ensure that it abides by its statutory obligations to provide preference power at cost-based rates. They are essential customer protections.

Though the Neighboring States Preference Customers initially had concerns with NYPA’s ability to continue to abide by *Auer* Principle #9 (concerns that, as discussed above, they have reconciled), they are unsure of what other contractual provisions or *Auer* Principles may require modification. The Neighboring States Preference Customers are hindered in evaluating the magnitude of the 2026 Rate Plan unless and until all modifications to the existing preference power contracts are identified. This information is essential as well for the NYPA Board to consider the 2026 Rate Plan. Accordingly, the NYPA Board should delay consideration of the 2026 Rate Plan until the record in this proceeding is supplemented with an identification of the preference power contract modifications that are necessitated by the 2026 Rate Plan and until the Neighboring States Preference Customers are afforded the

opportunity to provide comment on such modifications for the consideration of the NYPA Board.

IV. RESERVATION OF RIGHTS

The Neighboring States Preference Customers reserve the right to post and address any issue that they or others may identify or raise in this proceeding that are developed before or after discovery or during the course of any hearing that NYPA may conduct in this proceeding. In particular, the Neighboring States Preference Customers' participation in this proceeding is hampered, as described above, by the inability to review proposed modifications to their preference power contracts with NYPA that may be necessary as a result of NYPA Board action on the 2026 Rate Plan. Accordingly, in addition to reserving their rights more generally, the Neighboring States Preference Customers reserve the right to comment on and oppose any proposed modifications to their preference power contracts with NYPA that NYPA staff may claim to be necessary to conform the contracts to the actions that the NYPA Board may take in this proceeding.

V. CONCLUSION

The Neighboring States Preference Customers request that the NYPA Board delay consideration of the 2026 Rate Plan until modifications to preference power contracts are introduced into the record of this proceeding and until the Neighboring States Preference Customers are afforded the opportunity to provide comment on such modifications for the consideration of the NYPA Board. In the event that the NYPA Board proceeds with consideration of the 2026 Rate Plan, the Neighboring States Preference Customers request that the NYPA Board issue the two clarifications above regarding the change in NYPA's long-standing ratemaking methodology.

The Neighboring States Preference Customers appreciate the opportunity to provide these comments to the NYPA Board for its consideration.

Submitted this 4th day of December, 2025.

Respectfully,

/s/ Patricia Meek

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TAB 4-C

**Comment from Virginia Maier of Fairport, NY
(12/3/2025)**

From: [Ginny Maier](#)
To: [Secretary's Office](#)
Subject: [EXTERNAL]Public Comment: Adjustment of NYPA Preference Power Rates
Date: Wednesday, December 3, 2025 2:55:12 PM

CAUTION — External Email

Suspicious? Check the Following: Name Subject Links Attachments Grammar Tone. Click Report Phish on Outlook toolbar. For Outlook **Mobile** "select the ... (ellipse) at top right of the email message under the date > select 'Report Phish' button".

I am a customer of Fairport Electric and have benefitted from the Power Authority's Preference Power rates for the 15 years I've lived in the village of Fairport. I estimate that Fairport's inexpensive power rates have saved my family hundreds of dollars in this time. I agree that it is my responsibility to support the NextGen Niagara project to update NYPA's hydropower infrastructure, and therefore, I do not object to the gradual increase in Preference Power rates over the next 6 years.

I believe that in parallel with the rate increase, **NYPA should require the municipal power companies to proactively plan and act to help their communities meet New York State's greenhouse gas emissions reductions goals. The most straightforward way the electric companies can do this is by prompting the deployment of other forms of renewable power, particularly solar.**

In Fairport Electric, we exceed our Preference Power allotment nearly every month, meaning that we pay an additional purchased power (PPAC) fee per kWh. In order to reduce our emissions 40% by 2030, and 85% by 2050, we will need to replace nearly all gasoline cars and gas and oil furnaces with electric appliances. Between the Preference Power rate increase, and a growing expense of PPAC as the community electrifies, Fairport Electric customers are going to experience noticeable electric bill increases over these next 6 years.

There is strong customer pressure on Fairport Electric to keep electric bills low, and thus far, the company's response has been to discourage home electrification. On their website and paper bills, they actively encourage customers with electrically heated homes to consider a "fuel alternative" i.e. gas. This recommendation flies in the face of our state climate goals. Instead of relying on the polluting fuels of the past, Fairport Electric should be helping its customers benefit from the renewable energy that is our future.

I know that NYPA decreased the maximum Preference Power rate and increased the number of years to reach that maximum rate in response to objections by the municipal electric companies and the governor. In return for reducing the request, NYPA should require – or at least incentivize – the municipal electric companies to

create strategic plans for home and vehicle electrification for their customers, and help them invest in solar generation, battery storage, and interconnection. These actions have the long term benefit of providing low-cost, environmentally-sound, and reliable power into the future, while also showing our leadership in climate action.

Thank you,

Virginia Maier
51 Dewey Ave
Fairport, NY 14450

TAB 4-D

**Comment from Elizabeth King of Fairport, NY
(12/4/2025)**

From: [Elizabeth King](#)
To: [Secretary's Office](#)
Subject: [EXTERNAL]comments - preference power rate increase
Date: Thursday, December 4, 2025 7:39:40 AM

CAUTION — External Email

Suspicious? Check the Following: Name Subject Links Attachments Grammar Tone. Click Report Phish on Outlook toolbar. For Outlook **Mobile** "select the ... (ellipse) at top right of the email message under the date > select 'Report Phish' button".

I am a customer of Fairport Electric and have benefitted from the Power Authority's Preference Power rates for the nearly 15 years I've lived in the village of Fairport. I agree that supporting the NextGen Niagara project to update NYPA's hydropower infrastructure is an important part of sharing those benefits and therefore do not object to the gradual increase in Preference Power rates over the next 6 years.

However, in parallel with the rate increase, NYPA should require the municipal power companies to proactively plan and act to help their communities meet New York State's greenhouse gas emissions reductions goals.

Fairport Electric customers already exceed our Power allotment nearly every month, meaning that we pay an additional purchased power (PPAC) fee per kWh. In order to reduce our emissions 40% by 2030, and 85% by 2050, we will need to replace nearly all gasoline cars and gas and oil furnaces with electric appliances.

Thus far, the company's response has been to discourage home electrification. On their website and paper bills, they actively encourage customers with electrically heated homes to consider a "fuel alternative" i.e. gas. As a community member concerned about climate change and our energy future, as well as a customer of a municipal company which provides my sole source of electricity, I want to see my community invest in solar generation, battery storage, and grid interconnection, which will provide low-cost, environmentally-sound, and reliable power into the future.

NYPA can and must provide leadership to meet these goals.

Thank you,

Elizabeth King
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TAB 4-E

**Representative Comment In Support of Tonawanda
Seneca Nation (12/3/2025)**

From: [NY Renews](#)
To: [Secretary's Office](#)
Subject: [EXTERNAL]NYPA Hydroelectric Preference Power Rate Change Plan - public comment
Date: Wednesday, December 3, 2025 9:20:36 PM

CAUTION — External Email

Suspicious? Check the Following: Name Subject Links Attachments Grammar Tone. Click Report Phish on Outlook toolbar. For Outlook **Mobile** "select the ... (ellipse) at top right of the email message under the date > select 'Report Phish' button".

To the Power Authority of the State of New York Board of Trustees and Staff:

I am writing to provide comments with respect to the NYPA Hydroelectric Preference Power Rate Change Plan currently under consideration by the Board through December 8, 2025. I write as an ally of the Tonawanda Seneca Nation, a federally recognized Indigenous Nation and part of the Haudenosaunee.

As a concerned resident of New York State, I wish to [reiterate comments provided to NYPA by the Tonawanda Seneca Nation Council of Chiefs](#) with respect to allocations of low-cost hydropower to tenants at the Western New York Science and Technology Advanced Manufacturing Park (STAMP) mega industrial site in Alabama, New York. To date, NYPA has allocated 64,900 kW to STAMP tenants - 4,900 kW of Replacement Power to Edwards Vacuum LLC, and 10,000 kW of Expansion Power plus 50,000 kW of Replacement Power to Plug Power Inc.

While the rate change plan currently under consideration by NYPA does not explicitly pertain to the Low-Cost WNY Hydropower Program, given the finite supply of hydropower produced at the Niagara Power Project, the Nation believes that changes to the Preference Power Rate Plan MUST be considered in conjunction with decisions pertaining to allocations of this finite resource to industrial customers such as those at STAMP. These important allocations are inextricably connected to Preference Power rates and should not be considered separately.

In an April 28, 2025 letter to NYPA CEO Justin Driscoll, the Tonawanda Seneca Nation asserted the following, which I hereby reiterate:

- The Nation requests that NYPA inform them directly when low-cost power allocation requests are made for projects at STAMP, which is located in Seneca ancestral territory adjacent to and upstream from the Nation's treaty-confirmed Reservation Territory.
- The Nation strongly opposes any allocation of low-cost hydropower to a data center at STAMP. Such a facility poses a profound threat to Tonawanda Seneca people, their Reservation Territory, and the surrounding environment. By its nature, a data center would fail meet NYPA's statutory criteria for low-cost power allocations on the following grounds: 1) Location outside statutory 30-mile zone; 2) Terrible jobs-to-power ratio; 3) No significant benefits for the Western New York; 4) Short Project Lifespan; and 5) Poor job security/stability. Because data centers fail to meet the criteria established by the legislature for allocation of low-cost hydropower, NYPA should reject any application for such power from a data center operator at STAMP.
- Because the Nation is a disadvantaged community under the Climate Leadership and Community Protection Act ("CLCPA"), N.Y. Env't Conserv. Law § 75-0101, NYPA must conduct analysis required by CLCPA Section 7(3) before approving any application for a project at STAMP. Section 7(3) prohibits state agencies from issuing "permits, licenses, and other administrative approvals and decisions" that "disproportionately burden disadvantaged communities."

Finally, I wish to raise an additional point. In recent weeks, STAMP tenant Plug Power has announced its intention to monetize its "electricity rights" in NYS and has indicated its intent to sell these rights to a data center developer. This is outrageous and unacceptable. Plug Power must not be allowed to monetize "electricity rights" at STAMP.

I applaud NYPA for stating its intent to rescind allocations of low cost hydropower and other subsidies to Plug Power. These subsidies should never have been allocated to Plug in the first place given its utter failure to meet the criteria established in [PAL §1005\(13\)\(a\)](#). I demand that, as part of this rescission, NYPA also prohibit Plug Power from monetizing its investment

in the incomplete and non-operational STAMP onsite substation, of which NYPA is a partial owner.

Sincerely,

Graham Logan

Irving NY



Chief Risk & Resiliency Officer's Report

Alexis Harley

SVP, Chief Risk & Resiliency Officer

December 9, 2025

Risk, Resiliency and Sustainability Highlights

 Risk	 Resilience	 Sustainability
2025 Accomplishments		
- Launched inaugural Risk Liaison Program - Partnered with Finance to update assessment of project portfolio and develop opportunity/risk ratio - Set vision and plan with Internal Audit and Business Controls for aligned assurance - Increased available credit line with counterparties by over 10%, freeing up cash	- Deployed two new Emerging Risk capabilities: Scenario Planning and Working Group formation (Federal Transition) - Supported establishment of the Transmission Resilience Program - Launched a response and recovery plan review and capability assessment - Transitioned our EGRC system to Archer SaaS	- Exceeded our BuildSmart 2025 target (101.4%) - Launched composting program, after completing pilot at White Plains Office - Completed largest ever annual tree distribution (> 1500 trees across ~50 communities) - Commenced co-development with business areas of goals/targets for our next Sustainability Plan
2026 Look Ahead		
- Refresh Risk Management Maturity Assessment - Deploy enterprise Model Risk program - Implement Energy Commodity Risk Management system, with AI-enhanced price and credit modeling - Partner with key stakeholders to provide in-depth credit reviews of new partnerships and ventures	- Complete Business Continuity Documented Workaround enhancements and re-baselining - Champion stronger process integration via Emerging Risk digitalization and Risk-Control-Audit linkages - Streamline response and recovery plans and operationalize enhanced exercise program	- Publish and execute the NYPA & Canals 2026-2030 Sustainability Plan - Support Canals to reduce sediment transport - Roll out AI tool developed to support alignment with GreenNY purchasing - Advance our climate-informed vulnerability and adaption guidance



**NY Power
Authority**

**Canal
Corporation**



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES AND NEW YORK STATE
CANAL CORPORATION BOARD OF DIRECTORS

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Governance Committee Recommendations for Approvals

SUMMARY

The Governance Committee (the "Committee") met on October 14, 2025, and considered and adopted the following resolutions, which are now before the New York Power Authority Board of Trustees ("Board of Trustees") and New York State Canal Corporation Board of Directors ("Board of Directors") for adoption.

i. ITEMS FOR ADOPTION:

1. Procurement and Related Reports for New York Power Authority and Canal Corporation (January-December 2025)

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Procurement and Related Reports for New York Power Authority and Canal Corporation, as amended, be, and hereby are, approved; and be it further

Procurement and Related Reports
NYPA Procurement Contracts Summary
Disposal of Personal Property (fleet only)
Supplier Diversity (SD) Program Activity
Plant Inventory Statistics
Fossil Fuels Activity
Corporate Finance
Transfer of Interest in Personal Property to Canal Corporation
Canal Corporation Procurement Contracts Summary
NYPA and Canal Corporation Disposal of Personal Property

RESOLVED, That the Procurement and Related Reports, and hereby are, reviewed and approved; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



2. Approval of Guidelines for Procurement Contracts

RESOLVED, that pursuant to Section 2879 of the Public Authorities Law and the Authority's and Canal's Procurement Guidelines, the Governance Committee approves and recommends for adoption by the New York Power Authority Trustees and the Canal Corporation Board of Directors, the Annual Report of Procurement Contracts, and the Guidelines for the use, awarding, monitoring and reporting of Procurement Contracts, as amended, be, and hereby are, approved; and be it further

RESOLVED, that the open service contracts exceeding one year be, and hereby are, reviewed and approved; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

3. Approval of Guidelines for Disposal of Personal Property and Expenditure Authorization Procedures for New York Power Authority and Canal Corporation

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law, the Governance Committee approves and recommends for adoption to the Trustees and the Canal Corporation Board of Directors, the Authority's and Canal's Guidelines for the Disposal of Personal Property, and the Authority's and Canal's Expenditure Authorization Procedures, as amended; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

4. Annual Review and Approval of Guidelines and Procedures for the Disposal and Acquisition of Real Property and Expenditure Authorization Procedures of the New York Power Authority and Canal Corporation

RESOLVED, that the Governance Committee recommends approval of the Authority's 2026 Real Property Disposal Guidelines, 2026 Real Property Acquisition Guidelines, and 2026 Expenditure Authorization Procedures to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

RESOLVED, that the Governance Committee recommends approval of the Canal Corporation's 2026 Canal Real Property Disposal Guidelines, 2026 Canal Real Property Acquisition Guidelines, and 2026 Expenditure Authorization Procedures to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and



execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

5. Review and Approval of Amended Investment Policy Statement for the Other Post-Employment Benefits Trust

RESOLVED, that the Governance Committee hereby recommends that the Trustees adopt the amended Other Post-Employment Benefits Trust Investment Policy Statement to both support the continued growth and strengthen the fiduciary control of the Trust as discussed in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Justin E. Driscoll
President and Chief Executive Officer



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES AND NEW YORK STATE
CANAL CORPORATION BOARD OF DIRECTORS

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Finance Committee Recommendations for Approvals

SUMMARY

The Finance Committee met on November 12, 2025, and adopted the resolutions set forth below. The Board of Trustees are requested to acknowledge receipt and consideration of the materials submitted to the Finance Committee and accept, approve, and adopt as Trustees the recommendations set forth in the resolutions of such committee.

After discussion and consideration, the Finance Committee adopted on November 12, 2025, the following resolutions:

i. **Release of Funds in Support of the New York State Canal Corporation for Q1 2026**

"RESOLVED, that the Finance Committee hereby recommends that the New York Power Authority Board of Trustees authorize the release of up to \$29.4 million in the funding to the Canal Corporation to support operations of the Canal Corporation in Q1 2026, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that amounts currently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, dated February 24, 1998, as amended and supplemented (the "General Bond Resolution"), that the amount of up to \$29.4 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution of that the release of such amount is feasible and advisable; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that as a condition to making the payments specified in the foregoing report, on the day of such payments, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution; and be it further"

ii. **Release of Funds in Support of the Western New York Power Proceeds Allocation Act**

“**RESOLVED**, that the Finance Committee hereby recommends that the Board of Trustees authorize the release of \$35.6 million from the Operating Fund to the Western New York Economic Development Fund (“WNYEDF”), to the extent such amount of net earnings is generated for the period from January 1, 2026 through December 31, 2026, as authorized by Chapter 58 of the Laws of 2012 and as discussed in the foregoing memorandum of the Interim President and Chief Executive Officer; and be it further

RESOLVED, that the Finance Committee recommends that the Board of Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purpose specified in Section 503.2 of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented (the “General Bond Resolution”) and that the amount of \$35.6 million to be released to the WNYEDF for the purposes authorized by Chapter 58 of the Laws of 2012 described in the foregoing resolution is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution and that such release is deemed feasible and advisable; and be it further

RESOLVED, that the Finance Committee recommends that the NYPA Board of Trustees affirm that as a condition to making the releases specified in the foregoing resolutions, on the day of such payment, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the Authority’s General Bond Resolution; and be it further”

iii. **Hudson Transmission Project Renewable Energy Delivery – Authorization to Negotiate and Execute Transmission Capacity Resale Agreement**

“**RESOLVED**, that the Finance Committee hereby recommends that the New York Power Authority Board of Trustees authorize the Authority to negotiate and execute a Transmission Capacity Resale Agreement (“TCRA”) with the Selected Bidder consistent with the terms of a letter of intent and nonbinding term sheet, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further”

iv. **Next Generation Niagara Stator Replacement – Contract Award**

“**RESOLVED**, that the Finance Committee hereby recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of a ten-year contract to Andritz Hydro Corporation in the amount of \$72.1 million; and be it further

RESOLVED, that the Finance Committee hereby recommends that the Trustees approve a maximum commitment amount of \$102.2 million, which includes an allowance for escalation and contract contingency to address identified project risks; and be it further

RESOLVED, that the Finance Committee recommends that the Trustees approve the Authority's use of Capital Funds, which may include proceeds of debt issuances, to finance the costs of projects; and be it further

RESOLVED, that the Finance Committee recommends that the Trustees declare in accordance with Treasury Regulation Section 1.150-2, the Authority's official intent to finance as follows: The Authority intends to reimburse to the maximum extent permitted by law with the proceeds of tax-exempt obligations to be issued by the Authority, all expenditures made and which may be made in accordance with the Project described in the foregoing report of the President and Chief Executive Officer; and be it further"

v. Workforce Development Funding – Authorization to Release Funds

"RESOLVED, that the Finance Committee recommends that the Authority's Board of Trustees approve funding of Workforce Development initiatives for an aggregate total of \$4 million for the Workforce Development initiative;

Training Provider:	Funding Allocation:
Binghamton University	\$203,000
Genesee Valley BOCES	\$677,000
Green Launchpad	\$734,000
Healthy Home Academy	\$911,000
Stony Brook University	\$644,000
University of Buffalo	\$832,000

and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that amounts currently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, dated February 24, 1998, as amended and supplemented (the "General Bond Resolution"), that the aggregate amount of \$4 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond

Resolution and that the release of such amount is feasible and advisable; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that as a condition to making the payments specified in the foregoing Memorandum, on the day of such payments, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution; and be it further”

RECOMMENDATION

Each of the Officers of the Authority responsible for the items submitted to the Finance Committee at its meeting on November 12, 2025, recommends that the Board of Trustees acknowledge receipt and consideration of the materials submitted to the Finance Committee and accept, approve, and adopt as Trustees the recommendations set forth in the resolutions of such committee set forth above

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, that the Trustees acknowledge receipt and consideration of the materials submitted to the Finance Committee on November 12, 2025, and accept, approve, and adopt as Trustees the recommendations set forth in the resolutions of such committee as set forth in the foregoing report of the President and Chief Executive Officer.

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



December 9, 2025

Audit Committee Report (Chair Trainor)

[ORAL PRESENTATION]



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Clean Distributed Energy Resources Grant Program -- Authorization to Extend Time to Expend Unallocated Funds for Another Five years

SUMMARY

The Board of Trustees ("Trustees") are requested at their December 9, 2025 meeting to approve an extension to the time to expend funds from the Clean Distributed Energy Resource Grant Program ("Program") for five (5) years through December 31, 2030. Trustee approval to extend the time to expend funds is being requested due to delays in project development caused by the COVID-19 pandemic, as well as significant market impacts resulting from changes to Federal and State incentive policies that support renewable energy projects. Approval of the extension would allow over \$2 million of unallocated funds be used to start, continue and/or complete Program projects.

BACKGROUND

Public Authorities Law 1005 (17) requires the Trustees' approval to finance, including provide grants for, certain energy related projects, programs, and services for program participants. On December 11, 2018, the Trustees authorized the establishment of the Program to help advance Distributed Energy Resource ("DER") projects by providing supplemental funding for innovative DER projects such as solar photovoltaic systems, solar plus battery storage, microgrids, standalone storage and smart inverter functionality. DERs are a variety of small, grid-connected or distribution system-connected devices which perform electrical generation and or storage.

In its initial authorization, the Trustees approved the DER program with an aggregate funding amount of \$5 million through December 31, 2025. The DER program helps further the Authority's mission to provide customers with low-cost, clean, reliable power and the innovative energy infrastructure and services they value. The Program also ensures that the Authority supports its customers and the State reach the ambitious goals set forth under the Climate

Leadership and Community Protection Act (“CLCPA”), which calls for 70% of electricity consumed in the State to be generated through renewable resources by 2030.

To date, the Program has distributed \$2,865,000 in program funding and enabled more than 20MW of customer projects.

DISCUSSION

The Authority has been expanding its role in distributed energy to help its customers implement clean energy projects. This support is intended to assist customers meet their own energy goals as well as contribute to the State’s overall clean energy objectives. To do so, the Authority has developed distributed energy resource Advisory Services and has become the trusted energy advisor for public entities such as state and local governments, state agencies, universities and K-12 schools. Since developing its Advisory Services, the Authority has facilitated the deployment of more than 80MW of solar PV and battery energy storage projects at customer facilities, with nearly 25% of those projects receiving funds from the Program to address challenges.

However, as a result of the COVID-19 pandemic and related impacts to the broader renewable energy market environment, many customer projects were delayed and unable to progress. This resulted in the stagnation of the customer project development pipeline, and limited opportunities for the Authority to deploy Program funds. In addition, recent and substantial changes in Federal and State policy are forcing the rapid development of projects in order to maintain economic performance, and amplifying the need for the Program to continue providing funds to support renewable energy development for Authority customers.

With \$2,135,000 of the initial \$5 million of Program funds currently unallocated, such funding could be used to start, continue and/or complete Program projects, highlighting the importance of extending the Program to achieve its intended goals.

FISCAL INFORMATION

A not-to-exceed amount of \$5 million was allocated from the Authority’s Operating Fund in 2018, and as of this date \$2,135,000 of those funds remain unallocated. An extension of time to expend Program funds for five (5) years through December 31, 2030 would allow the unallocated funds to be used to continue the services provided by the Program.

RECOMMENDATION

The Executive Vice President and Chief Operating Officer requests that the New York Power Authority Board of Trustees approve the extension of the time to expend unallocated funds for the Clean Distributed Energy Resource Grant Program for five (5) years through December 31, 2030, at their next meeting.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll

President and Chief Executive Officer

RESOLUTION

RESOLVED, that the Trustees approve the extension of time to expend the unallocated funds of the Clean Distributed Energy Resource Grant Program through December 31, 2030, as recommended in the foregoing report of the President and Chief Executive Officer, and be it further;

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Computerized Maintenance Management System for Energy Efficiency Customers

SUMMARY

The Board of Trustees are requested at their December 9, 2025 meeting to authorize Computerized Maintenance Management System ("CMMS") services as part of the Energy Efficiency Program (EEP) to track and manage new and existing assets installed by the Authority and by others as more fully defined below. The costs for projects utilizing CMMS services will be recovered directly from customers participating in the EEP.

BACKGROUND

Public Authorities Law § 1005 (17) authorizes the Authority, "[a]s deemed feasible and advisable by the Trustees, to finance and design, develop, construct, implement, provide and administer energy-related projects, programs, and services" for its eligible customers, where "energy-related projects, programs and services" is defined to include "the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services."

Since 1990, the Authority has completed over \$4 billion of energy-related projects throughout the state and has developed strong relationships with numerous New York City and New York State agencies and authorities, and other municipal entities across the state. As the Authority has obtained and maintained International Organization for Standardization 55001 ("ISO55001") certification for management of its own assets, the Authority's customers seek the Authority's expertise and assistance establishing or improving existing customer CMMS systems and recordkeeping to enhance operational efficiency, energy efficiency and maintenance planning across their assets.

This current request to provide CMMS services stems from a recent request by an Authority customer to assist with procurement, implementation and operation of a single CMMS to replace multiple, obsolete CMMS software platforms across its facilities. As this requested service is within the Authority's Statutory Authority, with Trustee approval the Authority will be able to offer CMMS services to this and all eligible EEP customers.

DISCUSSION

Asset management means systematically managing physical assets to ensure optimal reliability, cost-effectiveness and performance including energy efficiency. The Authority has an advanced asset management program used to manage its own energy assets, developed over the past 25 years, and is the first utility to achieve ISO55001 certification. The Authority is thus uniquely positioned to leverage its asset management expertise for the benefit of its customers.

Based on the foregoing, we seek Trustee authorization to offer CMMS services as part of the EEP to track and manage new and existing assets installed by the Authority and by others. The costs for projects utilizing CMMS services will be recovered directly from customers participating in the EEP.

FISCAL INFORMATION

The costs for providing CMMS services will be recovered directly from the customers under the Authority's EEP and will be funded from amounts previously authorized by the Trustees from the Authority's operating funds and/or from the proceeds of the Authority's Commercial Paper Notes or other financing instruments, as deemed appropriate. The program will be available to the Authority's customers participating in the EEP.

RECOMMENDATION

The Executive Vice President and Chief Operating Officer requests that the New York Power Authority Board of Trustees approve the inclusion of Computerized Maintenance Management System services as part of the Energy Efficiency Program.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll

President and Chief Executive Officer

RESOLUTION

RESOLVED, that the Trustees authorize Computerized Maintenance Management Systems ("CMMS") services as described in the memorandum above to be offered under the Authority's Energy Efficiency Program consistent with Public Authorities Law §1005(17); and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Subject: **Renewed Relicensing Contract for the Sale of Hydroelectric Power and Energy - Final Approval and Transmittal to the Governor**

SUMMARY

The Trustees are requested to:

1. Approve the final updated form of contract that will apply to the sale of Niagara Power Project hydroelectric power and energy to Niagara University ("NU Contract") beginning the first day of the month following full execution of the final NU Contract at the applicable Western New York Power Program power rate as provided for in the NU Contract and Authority Service Tariff No. NP-1 ("ST NP-1"). A copy of the NU Contract and ST NP-1 is attached as Exhibit "A".
2. Authorize transmittal of the NU Contract to the Governor for her review and requested authorization for the Authority to execute the NU Contract pursuant to Public Authorities Law ("PAL") § 1009.

BACKGROUND

The relicensing process for the Niagara Power Project was a multi-year endeavor to replace the first 50-year license, which expired on August 31, 2007, with a new 50-year license. The new 50-year Federal Energy Regulatory Commission ("FERC") license was issued on March 15, 2007 to the Authority for the continued operation and maintenance of the Niagara Power Project, FERC Project No. 2216, and became effective September 1, 2007. Part of the relicensing process entailed obtaining the support of the entities surrounding the Niagara Power Project, including among others, Niagara University.

The Authority filed an Offer of Settlement with FERC in 2005 that in part included a separate settlement agreement with Niagara University, settling all issues raised during the relicensing process, which in exchange for supporting the Authority's relicensing efforts received certain commitments and benefits from the Authority.

The Niagara University Relicensing Settlement Agreement ("NURSA"), dated May 23, 2006, included the right to a power allocation from the Niagara Power Project for the term of the new license along with a contract that implements the allocation. The NURSA has an up to 3 MW allocation.

The power sales agreement associated with the allocation from the NURSA expired on September 1, 2025. The Niagara University power sales agreement allows for the agreement to remain in effect after the expiration date, upon mutual agreement, on a month-to-month basis, pending execution of a successor agreement.

As required by PAL §1009, when the Authority has reached agreement with its co-party on a power sale contract, it is required to transmit the proposed contract to the Governor and other elected officials and hold a public hearing on the proposed contract. At least 30-days' notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the contract may be modified, if advisable. Upon approval of the final proposed contract by the Authority, the Authority "reports" the proposed contract, along with its recommendations and the public hearing record, to the Governor and other elected officials. Upon authorization of the Governor, the Authority may execute the contract.

DISCUSSION

At their meeting on May 20, 2025, the Trustees approved the initial proposed updated form of contract for hydro power and energy that will apply to the sale of Niagara Power Project hydroelectric power and energy – the NU Contract.

The NU Contract will continue the up to 3 MW allocation it has now, and Niagara University will continue to pay Western New York Power Program rates plus any NYISO charges.

Provisions in the NU Contract allow the Authority to monitor the local utility meter(s) to determine if there has been any impermissible resale of excess hydropower, as well as the application of a true-up mechanism to assess what monies may be owed back to the Authority, if such a scenario occurs, along with the obligation to pay those monies back to the Authority. These provisions put the NU Contract in alignment with the contracts of all other Authority customers who receive Western New York Power Program rates.

The NU Contract continues to provide unforced capacity applicable only to the Authority's physical deliveries. As well, the NU Contract provides that the transmission and delivery of the power and energy are the responsibility of Niagara University. Furthermore, neither ancillary services nor Green (renewable power generation) attributes are included in the allocation. The proposed contract has a sixteen-year term extending to September 1, 2041. A third contract is envisioned to implement the allocation from 2041 through the end of the term of the FERC license in 2057.

The proposed contract has been updated to include hydropower curtailment and substitute energy provisions when adverse water conditions impact the Niagara Power Project's ability to meet its firm energy obligations, which are currently applicable to, though not enumerated in, the current contract. These updates put the contract in alignment with the contracts of all other Authority customers who receive hydropower. Finally, flexibility was added to the NU Contract by allowing, once annually, a pause and/or recommencement of electric service related to the allocation, upon 60 days' written notice. The service tariff for the proposed contract remains unchanged.

Public Hearing

In accordance with PAL § 1009, a public hearing on the proposed NU Contract was held on July 23, 2025, at 5777 Lewiston Road, Power Vista Conference Room, Lewiston, New York 14092. No parties expressed opposition to the proposed contract at the hearing, the final transcript of which is attached as Exhibit "B".

FISCAL INFORMATION

Niagara University will continue to pay for hydroelectric power and energy at the same Western New York Power Program rates to which the Authority's Western New York Power Program business customers are subject. The rates and charges are subject to adjustment in the same manner and on the same schedule as the monthly rates and charges of the Authority's Western New York Power Program business customers.

RECOMMENDATION

The Senior Vice President – Customer Solutions recommends that the Trustees:

- (i) Approve the final form of the NU Contract for the sale of Niagara Power Project hydroelectric power and energy; and
- (ii) Authorize transmittal of the NU Contract to the Governor for her review and requested authorization for the Authority to execute the NU Contract pursuant to Public Authorities Law ("PAL") § 1009.

For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached resolution.

Justin E. Driscoll

President and Chief Executive Officer

Att.

Niagara University Proposed Contract

RESOLUTION

RESOLVED, That the proposed agreement with Niagara University for the sale of Niagara Power Project hydroelectric power and energy attached to the foregoing Memorandum ("Niagara University Contract"), is in the public interest and hereby approved, and in accordance with Public Authorities Law § 1009, the Niagara University Contract shall be submitted to the Governor for her review and to seek her authorization for the Authority to execute the Niagara University Contract, and copies of the Niagara University Contract, along with the record of the public hearing thereon, shall be forwarded to the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee; and be it further

RESOLVED, That the Chair and the Corporate Secretary be authorized and directed to execute such Niagara University Contract in the name of and on behalf of the Authority upon the Governor's approval of the Niagara University Contract; and be it further

RESOLVED, That the Senior Vice President – Customer Solutions, or her designee, be, and hereby is, authorized, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to negotiate and execute any and all documents necessary or desirable to implement the Niagara University Contract, as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions, and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

POWER AUTHORITY
OF THE
STATE OF NEW YORK

30 South Pearl Street
Albany, New York

AGREEMENT FOR THE SALE
OF NIAGARA PROJECT POWER AND ENERGY
TO NIAGARA UNIVERSITY

Service Tariff No. NP-1- Firm Non-Preference
Hydroelectric Power and Energy

Month 2025

POWER AUTHORITY OF THE STATE OF NEW YORK

**30 South Pearl Street
Albany, New York**

AGREEMENT FOR THE SALE OF HYDROPOWER AND ENERGY

**SERVICE TARIFF No. NP-1 – Firm Hydroelectric Power and Energy
(NIAGARA UNIVERSITY)**

Niagara University hereby enters into this Agreement with the Power Authority of the State of New York for electric service as follows:

I. Definitions

- a. Adverse Water Condition** means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.
- b. Agreement** means this Agreement.
- c. Authority** is the Power Authority of the State of New York.
- d. Contract Demand** will be the amounts set forth in Article II or such other amount as may be determined in accordance with the provisions of this Agreement.
- e. Customer** is Niagara University.
- f. Customer-Arranged Energy** means energy the Customer itself procures from sources other than the Authority for the purpose of replacing Firm Hydroelectric Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment.
- g. Electric Service** is Power and Energy available to Customer in accordance with applicable Service Tariffs, Rules and other contract documents.
- h. FERC** means the Federal Energy Regulatory Commission (or any successor organization).

- i. **FERC License** means the license issued by FERC to the Authority on March 15, 2007 for the continued operation and maintenance of the Niagara Power Project, FERC Project No. 2216, which became effective September 1, 2007.
- j. **Firm Hydroelectric Power and Energy** are firm power and associated energy from the Authority's Niagara Power Project, intended to be available at all times except for limitations provided in this Agreement, the Rules, applicable Service Tariff or in other contract documents.
- k. **Load Reduction** has the meaning set forth in Article VI.f of this Agreement.
- l. **NRA** means the federal Niagara Redevelopment Act (18 USC §§836, 836a)
- m. **NYISO** means the New York Independent System Operator or any successor organization.
- n. **Planned Hydropower Curtailment** means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an anticipated or forecasted Adverse Water Condition.
- o. **Project** means the Niagara Power Project, FERC Project No. 2216.
- p. **Project Power and Energy** means Firm Hydroelectric Power and Energy produced by the Project.
- q. **Relicensing Settlement Agreement** means the Niagara University Relicensing Settlement Agreement dated May 23, 2006 between Niagara University and the Authority.
- r. **Rules** are the applicable provisions of the 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).
- s. **Service Tariffs** are schedules establishing rates and other conditions for sale of Electric Services to Customer.
- t. **Substitute Energy** means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment or an Unplanned Hydropower Curtailment.
- u. **Unplanned Hydropower Curtailment** means a temporary reduction in the amount of Firm Hydroelectric Energy to which the Customer is entitled to receive under this Agreement due to Adverse Water Condition that the Authority did not anticipate or forecast.

II. Electric Service to be Provided

- a. The Authority shall provide Electric Service pursuant to Service Tariffs for Power and/or Energy to enable the Customer to receive its allocations from the Project in accordance with the provisions of the FERC License and Relicensing Settlement Agreement, in the amounts set forth below:

Firm Hydroelectric Power and Energy Service pursuant to
Service Tariff No. NP-1 - 3,000 KiloWatts (Contract Demand)

The Authority shall provide Unforced Capacity in amounts necessary to meet Customer's NYISO Unforced Capacity obligations associated with the foregoing allocation of Firm Non-preference Hydroelectric Power and Energy Service in accordance with the rules and tariffs of the NYISO. Neither Ancillary Services (as defined in the rules and tariffs of the NYISO), nor renewable or "green" attributes are included in such allocation.

- b. The Contract Demands for Project Power and Energy may be modified by the Authority if the amounts of such Project Power and Energy available for sale from the Project are modified as required to comply with any ruling, order or decision of any regulatory or judicial body having jurisdiction.
- c. To prevent unintentional impermissible resale of the hydro allocation there shall be an energy reconciliation/true-up. Customer shall not object to Authority's access to the local utility's hourly interval meter(s) data for the Customer.
- d. The Authority will recover from the Customer the value of any over-scheduled portion(s) of the hydro allocation (kWh), at the Customer's load factor, that was not consumed by the Customer. The value shall be the difference between the rates in ST NP-1 and the rates in the NYISO's Real-Time LBMP for those hours.

III. Rules, Regulations and Service Tariffs

The Rules and Service Tariff No. NP-1 (NP-1), as now in effect and/or such superseding tariff(s) or other tariff(s) as the Authority may later promulgate, all as such Rules and Service Tariffs may be later amended from time to time by the Authority, are hereby incorporated into this Agreement with the same force and effect as if herein set forth at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariffs and the Rules, the provisions of the Service Tariffs shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariffs, the provisions of this Agreement shall govern. The Authority shall provide at least thirty (30) days prior written notice to Customer of any proposed change in the above Rules and Service Tariffs, but in no event shall Authority provide less notice than that provided to similarly affected customers within New York State.

IV. Transmission and Delivery of Power and Energy

Authority shall make Project Power and Energy available to Customer at the Project Switchyard. It is the Customer's responsibility to act as the Load Serving Entity ("LSE") or arrange for another entity to do so on its behalf. Customer, or the entity acting as LSE on its behalf, shall arrange for the transmission of the Project Power and Energy supplied hereunder from the Project Switchyard to Customer's points of delivery consistent with the terms of the Open Access Transmission Tariff (OATT) or other applicable tariff of the NYISO and Customer shall be responsible for all costs associated with the transmission and delivery of the allocation.

V. Rates

Project Power and Energy shall be sold to Customer hereunder at rates equivalent to the lowest production rate charged by the Power Authority (directly or indirectly) to an entire class of Western New York hydropower business customers (including for example, Replacement or Expansion Power customers) plus any charges assessed or imposed in connection with such supply by the New York Independent System Operator. Such rates are currently as set forth in the attached Service Tariff NP-1, which tariff may be amended from time to time consistent with the foregoing.

VI. Hydro Curtailments and Substitute Energy

- a. The Customer shall, on a form provided by the Authority, elect to either (a) purchase Substitute Energy from the Authority, or (b) rely on Customer-Arranged Energy, for the purpose of replacing Firm Hydroelectric Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment. The Customer shall make its election in accordance with the time period and other requirements prescribed in such form. The election shall apply for the entire calendar year identified in the form and shall remain in effect unless changed in accordance with Article VI.b.
- b. The Customer may change its election on a form provided by the Authority by giving the Authority notice of such change no later than the first day of November preceding the calendar year to which the Customer intends such change to become effective. Such change shall be effective on the first day of January following the Authority's receipt the Customer's notice and shall remain in effect unless it is changed in accordance with the provisions of this Article VI.b for a subsequent calendar year.
- c. In the event of an anticipated or planned Adverse Water Condition, the Authority will have the right in its discretion to implement Planned Hydropower Curtailments. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project. The Authority will provide the Customer with advance notice of Planned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer no later than the tenth business day of the month prior

to the month in which the Planned Hydropower Curtailment is expected to occur unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.

- d. If the Customer elected to purchase Substitute Energy from the Authority, the Authority shall provide Substitute Energy to the Customer during all Planned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO. The Authority may require the Customer to enter into one or more separate agreements to facilitate the provision of Substitute Energy to the Customer.
- e. If the Customer elected to rely on Customer-Arranged Energy, the Authority shall have no responsibility to provide the Customer with Substitute Energy during any Planned Hydropower Curtailment, and the Customer shall be responsible for the procurement, scheduling, delivery and payment of all costs associated with Customer-Arranged Energy.
- f. In the event of an Adverse Water Condition that the Authority did not anticipate or forecast, the Authority shall have the right in its discretion to implement Unplanned Hydropower Curtailments. The Unplanned Hydropower Curtailments will be implemented on a non-discriminatory basis as to all Authority customers that are served by the Project.
- g. The Authority will provide the Customer with notice of Unplanned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond.
- h. Notwithstanding the Customer's election pursuant to Article VI.a, the Authority shall provide the Customer with Substitute Energy during Unplanned Hydropower Curtailments, provided, however, that the supply of Substitute Energy during an Unplanned Hydropower Curtailment will be for the shortest duration the Authority determines is reasonable considering the circumstances, including but not limited to the operating procedures of the Authority, third-party transmission or delivery utilities who deliver the Substitute Energy, and the NYISO.
- i. For each kilowatt-hour of Substitute Energy provided by the Authority during a Planned Hydropower Curtailment, the Customer shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for Firm Hydroelectric Energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless otherwise

agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Planned Hydropower Curtailments shall be governed by the provisions of Service Tariff No. NP-1 relating to the rendition and payment of bills for Electric Service.

- j. The Customer shall be responsible for all costs associated with the Authority's provision of Substitute Energy during Unplanned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Unplanned Hydropower Curtailments shall be governed by the provisions of Service Tariff No. NP-1 and the Rules relating to the rendition and payment of bills for Electric Service. The Authority's failure to provide notice pursuant to Article VI.c or Article VI.h shall not affect the Customer's obligation to pay for Substitute Energy.
- k. The Authority will provide the Customer with an explanation of all Planned Hydropower Curtailments and Unplanned Hydropower Curtailments, and an accounting of all charges assessed to such Customer for Substitute Energy.
- l. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods.
- m. The Customer shall not be entitled to power and energy sourced from another Authority power facility, including another Authority hydropower project, as Substitute Energy.

VII. Appointment of Customer Agent

Upon reasonable prior written notice to the Authority, Customer shall have the right to delegate to an agent any or all duties under this Agreement ("Customer's Agent") and the Authority acknowledges that such duties may be performed by Customer's Agent. Such duties delegated to Customer's Agent may include the keeping of all records required by Authority, the payment of any or all amounts due to the Authority under this Agreement and any or all such other duties contained in this Agreement as may be specified by Customer; provided that the Customer may choose to assume and perform any or all of the duties previously delegated to Customer's Agent and provided further that nothing herein, including Customer's designation of such an agent, shall be deemed to be approval by the Authority of an assignment of any of Customer's duties and obligations under its Agreement with the Authority. Customer may, on reasonable prior written notice to the Authority, designate a different party as Customer's Agent at any time during the term of this Agreement.

VIII. Term and Termination of Service

Once initiated, service under the Agreement shall continue until the earliest of (a) termination by Customer with respect to all or part of its allocation upon ninety (90) days prior written notice, (b) termination by the Authority pursuant to the Rules upon required notice, or (c) September 1, 2041, at which time a new agreement will be

entered between the Authority and the Customer to provide Customer with Project Power and Energy for the remainder of the licensing period in the amount and for the rate then in effect which complies with the terms of the Niagara University Relicensing Settlement Agreement. The Authority may cancel service hereunder or modify the quantities of Project Power and Energy allocated to Customer only (a) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency), or (b) as otherwise provided herein or in the Rules. The parties recognize that the provision of Power and Energy, as set forth in Section 3.4.1, constitutes substantial consideration to Niagara University for its assent to the Relicensing Settlement Agreement. Notwithstanding the foregoing, upon mutual agreement this Agreement shall be extended beyond such date on a month to month basis pending execution of any successor agreement between the Customer and Authority.

Notwithstanding the termination provisions of this Article, Customer may pause the electric service related to all or part of its Allocation once annually upon sixty (60) days prior written notice. Customer may recommence the electric service related to all or part of its Allocation once annually upon sixty (60) days prior written notice.

Nothing herein is intended to limit the rights of the Customer under the Relicensing Settlement Agreement and the Authority and Customer understand and agree that the Authority is obligated under such Relicensing Settlement Agreement to make a total of 3 MW of Project Power and Energy available to Customer for the term of the FERC License, whether through extension of this Agreement or by subsequent agreement.

IX. Notification

Correspondence involving the administration of this Agreement shall be addressed as follows:

To the Authority; Manager – Power Contracts & Tariffs
New York Power Authority
123 Main Street
White Plains, NY 10601

To the Customer: President – Niagara University
Niagara University, NY 14109

cc: General Counsel – Niagara University

X. Applicable Law and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the

FERC License and the Niagara Redevelopment Act. Any action or proceeding arising out of or relating to this Agreement shall be brought in state courts located in Albany County, New York.

XI. Successors and Assigns

This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto; provided, however, that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained, which consent shall not be unreasonably withheld.

XII. Previous Agreements and Communications

This Agreement, together with the Relicensing Settlement Agreement, shall constitute the sole and complete agreement of the Parties hereto with respect to the matters herein set forth. Such Agreements supersede all previous communications between the Parties hereto, either oral or written, with reference to the subject matter hereof. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XIII. Acceptance and Approvals

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act, and upon execution by the Parties, this Agreement, the provisions of which shall survive for the term hereof, together with the Service Tariffs and Rules both as they may be amended, shall constitute the contract between the Parties for Electric Service hereunder.

XIV. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

Notwithstanding the preceding paragraph, if any provision of this Agreement or the Relicensing Settlement Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be void and unenforceable.

XV. Effectiveness of Agreement

This Agreement shall take effect on the date of this Agreement's execution under Article XIII above.

Niagara University

BY: _____

Name: _____

Title: _____

Date: _____

Accepted:

POWER AUTHORITY OF THE STATE OF NEW YORK

BY: _____

Name: _____

Title: _____

Date: _____



POWER AUTHORITY OF THE STATE OF NEW YORK

30 SOUTH PEARL STREET

ALBANY, NY 12207

Electric Service Tariff for Certain Customers
under the Niagara Relicensing
Firm Hydroelectric Power Service

Service Tariff No. NP-1

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Schedule of Rates for Firm Hydroelectric Power and Energy Service

I. Applicability

To sale of Niagara Hydroelectric Project firm power and energy to certain customers eligible for service under the Niagara Relicensing Settlement Agreement.

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 “Agreement” means contract for the Sale of Niagara Project Power and Energy between Authority and Customer.

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 “Customer” means a customer eligible for service under Project’s relicensing agreement.

E. The term “Customer’s Agent” may include, without limitation, a public utility, Load Service Entity, Municipal Distribution Agency, load aggregator or other entity authorized to purchase, sell and/or deliver or cause to be delivered electric power and/or energy pursuant to Section 360 of the General Municipal Law or pursuant to other authority.

F. The term “Power” or “Firm Hydroelectric Power” means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

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

H. The term “Project” means the Authority’s Niagara Hydroelectric Project.

- I. 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.
- J. The term “Service Tariff” means this Service Tariff No. NP-1.

III. Monthly Rates and Charges

A. Monthly Rates

The monthly demand and energy charges paid by Customer to Authority shall be the rates shown below.

<u>Effective Date</u>	<u>Demand Rate</u> \$/kW-month of billing demand	<u>Energy Rate</u> Mills/kWh
7/1/2017	7.92	13.54

The demand and energy rates set forth above shall apply at the Project switchyard. Future rates shall be as determined by the Authority consistent with the provisions of the Agreement.

B. Minimum Monthly Charge

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

C. Billing Demand

The billing demand shall be the lesser of a) Customer's contract demand or b) the maximum 30 minute integrated demand measured during the billing period adjusted for losses.

D. Billing Energy

Energy provided by Authority under this service tariff.

E. Billing Period

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

F. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

G. 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 may be amended and in effect from time to time) which are associated with Customer's purchase of hydro power and energy under its contract for the sale of hydro power and energy with 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 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 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, whether charged by the NYISO or some other third party.

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

H. 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 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 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

Unless otherwise specified in the Agreement, where Customer is taking service solely from Authority, the billing energy shall be the total number of kilowatt-hours recorded on Customer's meter during the billing period, adjusted for losses.

Unless otherwise specified in the Agreement, where Customer takes service from other sources in addition to service supplied hereunder, the billing energy shall be determined by multiplying the total number of kilowatt-hours recorded on Customer's meter during the billing period, adjusted for losses, times the ratio of the contract demand to the maximum 30 minute integrated demand measured during the billing period adjusted for losses. Such ratio shall not be greater than unity (1.0).

The Authority will have the right to reduce on a pro rata basis the amount of Firm Hydroelectric 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. The Authority shall provide reasonable notice, to the extent possible, to Customer of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement, the monthly rates and charges contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

D. Adjustment of Charges

Power Factor

Not less than 95% lagging or leading, except as otherwise specified in the Customer's accepted Agreement.

E. Delivery

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Power and Energy to Customer or its agent at the Project switchyard. The offer of Firm Hydroelectric Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Firm Hydroelectric Energy is taken by Customer. If, despite such offer, there is a failure of delivery by Customer or its Delivery Agent, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

F. Payment by Customer for Firm Hydroelectric Power and Energy

1. Customer shall pay for Firm Hydroelectric Power and Energy during any billing period the sum of a) and b) below:
 - a. The demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period; and
 - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric billing energy delivered by Authority to Customer during such billing period.
2. 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. Supplementary Provision

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

H. 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.



**NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
Economic Development RATES
Effective September 1, 2025**

Step 1. Determine the Index Value for the Measuring Year and Measuring Year - 1 for Each Index

Index 1.

**PRODUCER PRICE INDEX -
INDUSTRIAL POWER
PPI 0543**

Measuring Year Measuring Year -1
2024 2023

January	297.2	305.0
February	305.9	296.0
March	300.3	290.6
April	297.5	282.1
May	293.3	289.8
June	317.8	312.1
July	320.1	315.6
August	320.0	317.4
September	320.2	318.3
October	303.4	299.4
November	293.7	294.7
December	295.1	295.4

Average	305.4	301.4

Ratio of MY/MY-1 **1.01**

Index 2.

EIA INDUSTRIAL RATE

<u>STATE</u>	<u>Revenues</u> (\$000)	<u>Sales</u> MWh	<u>Avg. Rate</u> (cents/kwh)
<u>Measuring Year (2023)</u>			

CT	404,764	2,579,387	
MA	1,089,219	6,091,226	
ME	295,183	2,400,208	
NH	303,539	1,925,716	
NJ	727,181	6,223,834	
NY	1,042,211	15,173,534	
OH	3,554,411	50,545,890	
PA	3,886,297	50,146,824	
RI	119,383	628,838	
VT	144,712	1,284,114	
TOTAL	11,566,900	136,999,571	8.44

Measuring Year - 1 (2022)

CT	418,994	2,780,106	
MA	1,063,201	6,233,832	
ME	292,946	2,655,435	
NH	291,573	1,925,183	
NJ	818,454	6,753,844	
NY	1,221,472	16,177,769	
OH	3,729,572	50,062,730	
PA	4,178,366	50,882,779	
RI	114,833	639,343	
VT	162,496	1,367,429	
TOTAL	12,291,907	139,478,450	8.81

Ratio of MY/MY-1 **0.96**

Index 3.

**PRODUCER PRICE INDEX -
INDUSTRIAL COMMODITIES LESS FUEL**

Measuring Year Measuring Year -1
2024 2023

January	257.9	257.0
February	259.1	257.8
March	258.7	258.1
April	259.5	258.6
May	260.2	258.6
June	260.1	257.7
July	260.3	256.7
August	260.3	256.4
September	260.2	256.5
October	260.7	256.5
November	260.9	256.2
December	260.6	256.5

Average	259.9	257.2

Ratio of MY/MY-1 **1.01**



**NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
Economic Development RATES
Effective September 1, 2025**

Step 2. Determine Annual Adjustment Factor by Summing the Weighted Indices

<u>Index</u>	<u>Ratio of MY to MY-1</u>	<u>Weight</u>	<u>Weighted Factors</u>
PPI Industrial Power	1.013	0.35	0.355
EIA Industrial Rate	0.958	0.40	0.383
PPI Industrial Commodities less fuel	1.010	0.25	<u>0.253</u>
Annual Adjustment Factor			0.9905

Step 3. Apply Annual Adjustment Factor to Calculate Adjusted Base Rate

1% Adder from 2024 AAF

-0.95%

1%

Annual Adjustment Factor to Calculate Adjusted Base Rate with 1% Adder

0.05%

	<u>Demand \$/kw</u>	<u>Energy \$/mwh</u>
Niagara University Base Rate (effective 7/2024)	7.98	13.66
New NIA UNI Rate Year Base Rate (effective 9/2025)	7.98	13.67

1 NYPA VIDEOCONFERENCE:

2 2025 Host Communities, Tuscarora Nation, and Niagara

3 University Power Sales Agreement Renewals

4

5

6 Wednesday, July 23, 2025

7 2:00 p.m. - 6:00 p.m.

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22 Jackie Mentecky, Court Stenographer

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1 FELISA HOCHHEISER: Good afternoon. This
2 is a public hearing required by law and authorized
3 by the New York Power Authority's Board of
4 Trustees on the proposed form of contracts for the
5 sale of hydropower to the host communities,
6 Tuscarora Nation, and Niagara University.

7 My name is Felisa Hochheiser, and I'm the
8 Authority's Deputy Corporate Secretary.

9 New York State Public Authorities Law,
10 Section 1009, sets forth procedures for executing
11 certain contracts negotiated by the Authority.

12 First, prior to the hearing, it requires
13 that notice of the hearing be provided.
14 Therefore, a notice was sent to the governor, the
15 speaker of the assembly, the chair of the Senate
16 Finance Committee, the chair of the Assembly Ways
17 and Means Committee, the Senate Minority Leader,
18 the Ranking Minority Leader of the Assembly Ways
19 and Means, and the President Pro Tempore and
20 Majority Leader.

21 In addition, notices appeared once a week
22 for the four weeks leading up to this hearing in
23 the following newspapers: Niagara Gazette,
24 Buffalo News, Buffalo Business First, Niagara
25 County Tribune/Sentinel Lewiston, Albany Times

1 Union, and Dunkirk Observer.

2 The public was also given access to the
3 proposed contract on the Authority's website
4 during the 30-day period prior to today's hearing.

5 After the hearing, the public will be given
6 access to the hearing transcript once it is
7 completed at www.nypa.gov.

8 The next step in the process set forth in
9 Section 1009 will be for the NYPA trustees to
10 reconsider their proposed contract in light of
11 public comments. Once the trustees have completed
12 their final review, the contract will be forwarded
13 to the governor for her consideration and
14 approval.

15 If you plan to make an oral statement at
16 this hearing, I ask that you please indicate so on
17 the sign-in sheet.

18 Also, if you have a written statement, you
19 can mail or email the Secretary at 123 Main Street
20 at 9B, White Plains, New York 10601, or
21 secretarys.office@nypa.gov. That's
22 S-E-C-R-E-T-A-R-Y-S dot office@nypa.gov.

23 Written statements may be of any length and
24 will appear on the record of the hearing in
25 addition to all statements. The record of the

1 hearing will remain open for additional comments
2 through the close of business on Thursday, July
3 24th, 2025.

4 At this point, I would like to introduce
5 Emily Alkiewicz, Director of Power Contracts and
6 Tariffs, who will provide additional details on
7 the proposed customer contracts. Thank you.

8 Ms. Alkiewicz.

9 EMILY ALKIEWICZ: Thank you,
10 Ms. Hochheiser.

11 As mentioned, my name is Emily Alkiewicz.
12 I'm the Director of Power Contracts and Tariffs
13 within NYPA's Customer Solutions Department.

14 I'm here today to present a summary of the
15 proposed contracts for the seven host communities,
16 including the City of Niagara Falls, the City of
17 Niagara Falls School District, Lewiston-Porter
18 Central School District, Niagara County,
19 Niagara-Wheatfield Central School District, Town
20 of Lewiston, and Town of Niagara, as well as
21 proposed contracts for the Tuscarora Nation and
22 Niagara University.

23 As part of the relicensing process for the
24 Niagara Power Project that replaced the first
25 50-year license, which expired on August 31st,

1 2007, with a new 50-year license from the Federal
2 Energy Regulatory Commission, also referenced as
3 FERC, the Authority endeavor to obtain support of
4 the entities surrounding the Niagara Power
5 Project; in particular, the host communities,
6 Tuscarora Nation and Niagara University.

7 The Authority filed an offer of settlement
8 with FERC in 2005 that in part included separate
9 settlement agreements with the host communities,
10 Tuscarora Nation and Niagara University, settling
11 all issues raised by the entities during the
12 relicensing process, in which exchange for
13 supporting the Authority's relicensing efforts
14 received certain commitments and benefits from the
15 Authority.

16 Each of the settlement agreements, namely
17 the Host Community Relicensing Settlement
18 Agreement addressing non-licensed terms and
19 conditions, abbreviated for this hearing as HCRSA,
20 the Relicensing Settlement Agreement between the
21 Power Authority of the State of New York and the
22 Tuscarora Nation, abbreviated for this hearing as
23 TNRSA, the Niagara University Relicensing
24 Settlement Agreement, abbreviated for this hearing
25 as NURSA, included the right to a power allocation

1 from the Niagara Power Project for the term of the
2 license along with contracts that implement those
3 allocations.

4 The HCRSA has a 25-megawatt allocation that
5 could conditionally increase to 28 megawatts to be
6 allotted to the following parties as follows: The
7 City of Niagara Falls for 5 1/2 megawatts, the
8 City of Niagara Falls School District for 3.5
9 megawatts, Lewiston-Porter Central School District
10 for 1.5 megawatts, Niagara County for 9 megawatts,
11 Niagara-Wheatfield Central School District for 1.5
12 megawatts, the Town of Lewiston for 3.5 megawatts,
13 that could conditionally increase to 6 1/2
14 megawatts, and the Town of Niagara for 500 kW.

15 The condition was met that allowed the
16 allocation to increase to 28 megawatts, as
17 mentioned, the 3 megawatt increase for the Town of
18 Lewiston. The TNRSA has a 1-megawatt allocation,
19 and the NURSA has up to a 3-megawatt allocation.

20 All the power sales agreements associated
21 with the allocations mentioned previously expire
22 on September 1st, 2025.

23 At their May 20th, 2025, meeting, the NYPA
24 Board of Trustees approved the initial updated
25 form of the contract for hydropower and energy for

1 each host community at the applicable preference
2 power rate as provided for in the host community
3 contracts, and the Authority Service Tariff number
4 HT-1.

5 For the Tuscarora Nation, at the applicable
6 preference power rate as provided for in the
7 Tuscarora Nation contract, and the Authority
8 service Tariff Number TN-1, and for Niagara
9 University at the applicable Western New York
10 Power Program rate as provided for in the Niagara
11 University contract and Authority Service Tariff
12 number NPA-1.

13 The Trustees also provided authorization
14 for this public hearing in accordance with the
15 Public Authorities Law, PAL 1009, on a proposed
16 form of the contract for the host communities'
17 contracts, the Tuscarora Nation contract, and the
18 Niagara University contract.

19 The host communities' contracts will
20 continue to allot the 28 megawatt allocation, the
21 same as the current agreements. The Tuscarora
22 Nation contract will continue the 1 megawatt
23 allocation it has now, and the Niagara University
24 contract will continue the up-to-3 allocation it
25 has in place.

1 The host communities and the Tuscarora
2 Nation will continue to pay the same rate
3 applicable to Preference Power customers, plus any
4 applicable New York independent system operator,
5 also known as NYISO, charges.

6 Niagara University will continue to pay
7 Western New York program rates plus any NYISO
8 charges.

9 The Authority is not the load-serving
10 entity for any of the host communities, Tuscarora
11 Nation or Niagara University, and none of the
12 proposed contracts have ancillary services or
13 green renewable attributes included in the
14 allocations.

15 The following is a summary of pertinent
16 provisions in the proposed contracts for the host
17 communities in the Tuscarora Nation: The
18 contracts continue to provide the option to have a
19 portion of all or some of the energy allocations
20 sold into the NYISO-administered market.

21 Any revenue which may be in the form of an
22 energy credit from such sales into the
23 NYISO-administered market may be used for
24 energy-related expenses or costs.

25 The contracts have been updated to include

1 provisions in the proposed contract for Niagara
2 University: Provisions allow the Authority to
3 monitor the local utility meter or meters to
4 determine if there has been any impermissible
5 resale of excess power, as well as the application
6 of a true-up mechanism to assess what monies may
7 be owed back to the Authority if such a scenario
8 occurs, along with the obligation to pay those
9 monies back to the Authority.

10 The contract has been updated to include
11 hydropower curtailment and substitute energy
12 provisions when adverse water conditions impact
13 the Niagara Power Project's ability to meet its
14 firm energy obligations, which are currently
15 applicable to, though not enumerated in the
16 current agreement.

17 The contract continues to provide that the
18 transmission and delivery of power and energy are
19 the responsibility of Niagara University. The
20 contract provides flexibility by allowing, once
21 annually, a pause and/or recommencement of
22 electric service related to the allocations upon
23 90 days' written notice. The proposed contract
24 has a 16-year term extending to September 1st,
25 2041.

1 As Ms. Hochheiser stated earlier, the
2 Authority will accept your comments on the
3 proposed contracts until the close of business on
4 Thursday, July 24th, 2025.

5 I will now turn the hearing back to
6 Ms. Hochheiser to welcome the speakers.

7 FELISA HOCHHEISER: Thank you,
8 Ms. Alkiewicz.

9 I will now call on speakers who have signed
10 in: Mr. Thomas Burgasse and Mr. Scott Hapeman,
11 please state your names and affiliations for the
12 record prior to giving your statement.

13 R. THOMAS BURGASSE: My name is R. Thomas
14 Burgasse. I'm an assistant county attorney for
15 Niagara County. And I do represent them, but in
16 this particular case, we are a representative for
17 the host communities -- the seven host
18 communities -- in preparing a statement that's
19 being made today at this public hearing.

20 We're speaking today towards the proposed
21 renewal agreement presented by NYPA as to the
22 low-cost power allocations for the host
23 communities in Niagara County.

24 NYPA, in their proposal, and specifically
25 in their kick-off letter, said they are merely

1 eliminating terms and language that are no longer
2 pertinent, adding language to clarify current
3 practices and responsibilities, and make current
4 processes simpler, and everything else stayed the
5 same.

6 During the initial meeting of March 25th,
7 2025, this limited scope was reiterated. The
8 negotiation process began at the initial meeting
9 of March 25th, 2025, where several concerns were
10 made known -- along with proposals for certain
11 sections.

12 The host communities submitted written
13 questions and proposals on the provisions of the
14 proposed agreement to NYPA on July 1st, 2025.
15 During the meeting that was held on July 8th,
16 2025, additional concerns were raised by the host
17 communities that the proposed renewal agreement
18 would curtail certain rights and benefits of the
19 host communities while granting additional rights
20 and benefits to NYPA.

21 For example, the original power sales
22 agreement bound NYPA to a detailed methodology for
23 determining the rate of low-cost power. The
24 renewal agreement permits NYPA the ability to
25 amend the methodology in a way not yet detailed.

1 Moreover, certain remedies available to the host
2 communities under the original agreement have been
3 stricken from the proposed renewal agreement.

4 NYPA provided their written response to the
5 host communities' written submissions on July
6 21st, 2025. A preliminary review identified areas
7 that need further discussion before a new
8 agreement can be reached. Their response also
9 needs to be brought before the individual host
10 communities for their approval. Sufficient time
11 is needed to complete all of the above.

12 For the benefit of all involved parties, a
13 copy of the host communities' submission of July
14 1st, 2025, is attached. And I've made it a part
15 of this statement as it is set forth for the
16 hearing. Thank you very much.

17 FELISA HOCHHEISER: Thank you,
18 Mr. Burgasser.

19 Is there any other -- anyone else who wants
20 to make a statement? Okay. Having heard all
21 this -- I'm sorry.

22 EMILY ALKIEWICZ: We have one other
23 statement.

24 FELISA HOCHHEISER: Okay.

25 TIM MCKIE: (Skarure/Tuscarora language.)

1 Greetings. My name is Tim McKie, Tuscarora
2 Nation, the Deer Clan.

3 The Tuscarora Nation issues this statement
4 to the New York Power Authority regarding the
5 draft 2025 agreement for the sale of hydropower
6 and electricity: The Tuscarora Nation understands
7 NYPA's intent for host communities and other
8 parties to agree to NYPA's proposed terms of the
9 agreement. However, the Tuscarora Nation is the
10 only sovereign Indian nation involved in this
11 process, and such, requests NYPA to uphold its
12 commitment to our government-to-government
13 relationship.

14 The Tuscarora Nation has specific concerns
15 regarding some of the proposed terms, and we'll
16 discuss those concerns with NYPA within the
17 government-to-government framework, which is a
18 separate process from the public hearing process.

19 By this statement, the Tuscarora Nation
20 does not waive its sovereign immunity or its
21 jurisdiction over the territory of its citizens.
22 The Tuscarora Nation looks forward to our further
23 collaboration on that.

24 FELISA HOCHHEISER: Thank you.

25 Ms. Alkiewicz, is there anyone else in the

1 room who wants to make a statement?

2 EMILY ALKIEWICZ: Not at this time.

3 FELISA HOCHHEISER: Okay. Thank you.

4 Having heard all the speakers who signed in
5 to speak, we will recess and reconvene when
6 additional speakers arrive.

7 EMILY ALKIEWICZ: Thank you.

8 (Recess in progress.)

9 FELISA HOCHHEISER: It is now 6:00 p.m.

10 As I previously stated, the record of the
11 hearing will remain open for additional comments
12 through the close of business on Thursday, July
13 24th, 2025.

14 The July 23rd, 2025, public hearing on the
15 proposed contracts for the sale of hydropower to
16 the host communities, Tuscarora Nation and Niagara
17 University, is now officially closed.

18 Thank you, and good night.

19 (End of the meeting.)

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25

1 C E R T I F I C A T E

2

3

4 I, Jackie Mentecky, Court Stenographer,
5 certify that I was authorized to and did report the
6 foregoing proceedings, and that the transcript is a true
7 and correct transcription of my notes of the proceedings.

8

9

10 Dated July 23rd, 2025.

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13

/s/ Jackie Mentecky

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Jackie Mentecky, Court Stenographer

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Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Recharge New York Power – New, Extended and Modified Allocations

SUMMARY

The New York Power Authority Board of Trustees ("Board of Trustees") is requested to approve the following:

- (a) The extension of the 14 allocations of Recharge New York ("RNY") Power awarded to the businesses and not-for-profit entities listed in Exhibit "A," as described below, for a term of seven years, to commence upon the expiration of each such allocation, or in the Authority's discretion, on a date to be agreed upon by the Authority and the customer for a term not to exceed seven years (collectively, the "Extended Term"), subject to the following conditions: A customer whose allocation would be extended would have to agree to provide supplemental commitments for, among other things, jobs and capital investments, as it has in its current RNY Power agreement(s) with the Authority (collectively, "Current RNY Power Agreement") for the length of any Extended Term, through the incorporation of such supplemental commitments in the proposed final contract that is executed by the parties. With respect to capital investments, the vast majority of RNY Power customers (i.e., those who do not have project/expansion capital investment commitments) would be expected to meet a minimum capital investment commitment;
- (b) Five modifications related to the previously approved RNY Power allocations, extensions, and/or related supplemental commitments for the customers listed in Exhibit "B";
- (c) Six new allocation awards of RNY Power available for "retention" purposes to the businesses listed in Exhibit "C" in the amounts indicated therein;
- (d) Two new allocation awards of RNY Power available for "expansion" purposes to the businesses listed in Exhibit "D" in the amounts indicated therein; and
- (e) 24 new allocation awards of RNY Power available for eligible small businesses and/or not-for-profit corporations to the entities listed in Exhibit "E" in the amounts indicated therein.

The sale of any extended or new allocation as proposed herein would be governed by the form of the RNY Power contract that was approved by the Trustees on March 26, 2019, and existing Authority Service Tariff RNY-1.

All the above actions were recommended by the Economic Development Power Allocation Board ("EDPAB") at its December 9, 2025 meeting.

BACKGROUND

On April 14, 2011, the RNY Power Program was signed into law as part of Chapter 60 (Part CC) of the Laws of 2011. The RNY Power Program is codified primarily in Economic Development Law (“EDL”) § 188-a and Public Authorities Law § 1005(13-a) (the “RNY Statutes”). The program makes available 910 megawatts (“MW”) of “RNY Power,” 50% of which will be provided by certain Authority hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts can be for a term of up to seven years in exchange for job and capital investment commitments. RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion or attraction.

As part of New York State’s initiative to foster business activity and streamline economic development, applications for all statewide economic development programs, including the RNY Power Program, have been incorporated into a single online Consolidated Funding Application (“CFA”), marking a fundamental shift in how State economic development resources are marketed and allocated. Beginning in September 2011, the CFA was made available to applicants. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State’s efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Specifically, Chapter 60 provides that at least 350 MW of RNY Power shall be dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid, and Rochester Gas and Electric utility companies; and at least 200 MW of RNY Power shall be dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide. In July 2021, legislation was enacted increasing the dedicated amount of RNY Power from 100 MW to no more than 150 MW for eligible not-for-profit corporations and eligible small businesses statewide.

“Eligible applicant” is defined by statute to mean an eligible business, eligible small business, or eligible not-for-profit corporation; however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations.

RNY Power allocation awards are comprised of 50% hydropower and 50% Authority-procured market power. Prior to entering into a contract with an eligible applicant for the sale of RNY power, and prior to the provision of electric service relating to the RNY power allocation, the Authority shall offer each eligible applicant the option to decline to purchase the RNY market power component of such allocation. If an eligible applicant declines to purchase the RNY market power component, the Authority has no responsibility for supplying such market power to the eligible applicant.

Under applicable law, applications for RNY Power are first considered by EDPAB. EDPAB is authorized to recommend applicants to the Authority’s Trustees that it believes should receive an award of RNY Power based on applicable statutory criteria and other pertinent considerations. The criteria provided for in the RNY Statutes are summarized in Exhibit “F” to this memorandum. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power if the Authority makes an allocation award.

In arriving at recommendations for EDPAB’s consideration, Staff, among other things, attempted to maximize the economic benefits of low-cost NYPA hydropower, the critical state asset at the core of the RNY Power Program, while attempting to ensure that each recipient receives a meaningful RNY Power allocation.

Unless otherwise noted in Exhibits “C”, “D”, and “E” (recommendations for new RNY Power allocations), new business applicants with relatively high scores were recommended for allocations of retention RNY Power of 50% of the requested amount or an applicant’s average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit corporation applicants that score relatively high are typically recommended for allocations of 33% of the requested amount or average historic demand, whichever is lower. These allocations are capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs are typically recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocation extensions have been awarded by the Trustees on twenty-four prior occasions spanning from October 2018 through July 2025. These recommendations pertain to existing RNY Power customers receiving an Extended Term of seven years.

RNY Power allocations pertaining to new applicants have been awarded by the Trustees on forty-four prior occasions spanning from April 2012 through July 2025. If today’s recommendations are approved by the Trustees, it is anticipated that approximately 33 MW of RNY Power would remain unallocated.

EDPAB, at its meeting held on December 9, 2025, recommended that:

- (a) the Trustees approve extensions for the 14 RNY Power allocations that are listed in Exhibit “A” for a term of seven years;
- (b) the Trustees approve the modifications related to the five RNY Power allocations, extensions, and/or supplemental commitments listed in Exhibit “B” for the reasons discussed in Exhibit B; and
- (c) each of the applicants identified in Exhibits “C”, “D”, and “E” be awarded an RNY Power allocation in the amount indicated for a term of seven years.

Applications for new RNY Power allocations have been considered, where applicable, under NYPA’s Green Jobs Evaluation Incentive Plan and the Diversity, Equity, and Inclusion (“DEI”) Evaluation and Incentive Plan. These plans were approved by the Trustees on December 9, 2020, and December 7, 2021, respectively.

Consistent with the RNY Statutes, EDPAB recommended that the contracts for the sale of extended and new allocations contain:

- (1) provisions for effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain commitments, relating to such things as employment levels, power utilization, capital investments, and/or energy efficiency measures;
- (2) requirements for an agreement by the recipient of an allocation to undertake at its own expense an energy audit of its facilities at which the allocation is consumed, which may be modified by the Authority on a showing of good cause by the recipient, and that the recipient provide the Authority with a copy of any such audit or a report describing the results of such audit;
- (3) a requirement for an agreement by the recipient of an allocation to make its facilities available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform; and
- (4) a requirement that if the actual metered load at the facility where the allocation is utilized is less than the allocation, such allocation will be reduced accordingly.

The sale of RNY Power allocations that are awarded by the Trustees today would be governed by the form of RNY Power contract that was approved by the Trustees on March 26, 2019, and Authority Service

Tariff RNY-1. The terms and conditions in the RNY Power contract form are consistent with the terms and conditions recommended by EDPAB, as described above.

DISCUSSION

1. Extension of Existing RNY Power Allocations

For the current round of recommendations, Authority Staff has reviewed applications from 14 RNY Power customers listed in Exhibit "A" who are seeking extensions, and a copy of each application has been made available to EDPAB. Staff's review has consisted of a review on a customer-specific basis of such issues as the amount of each allocation that would be extended, the supplemental commitments that these customers have made under their Current RNY Power Agreement and are prepared to make as consideration for an extension, and the customer's compliance status under its Current RNY Power Agreement, including its compliance with supplemental commitments for jobs and capital investments.

In summary, the businesses listed in Exhibit "A" which are located in the State where indicated, bring valuable benefits to the State. In total, the allocations listed in Exhibit "A" are supporting the retention of nearly 7,900 jobs and approximately \$185 million in capital investments throughout New York State. The Authority will require customers to commit to the same or substantially similar supplemental commitments for jobs and capital investments that are summarized in Exhibit "A" for the Extended Term.

Based on the foregoing discussion and EDPAB's recommendations, Staff recommends that the Trustees extend the allocations listed in Exhibit "A" as described above and in Exhibit "A" subject to the following conditions:

- (a) The sale of any allocation extended as proposed herein will be governed by the RNY Power contract form that was approved by the Trustees on March 26, 2019, and Authority Service Tariff RNY-1.
- (b) To receive an extension of its allocation, the customer must agree, for the Extended Term, to provide the supplemental commitments for jobs and capital investments that are the same or substantially similar to those that are summarized generally in Exhibit "A" (subject to adjustments described above), through the incorporation of such supplemental commitments in the final contract that is executed by the parties. With respect to capital investments, RNY Power customers who do not have current project/expansion capital investment commitments would be expected to meet a minimum capital investment commitment that may be satisfied through capital expenditures made over a five-year period.
- (c) Unless otherwise noted in Exhibit "A", each customer is in compliance with its contractual obligations to the Authority under its Current RNY Power Agreement.

Staff believes that an extension of each allocation listed in Exhibit "A" is appropriate and is consistent with the applicable statutory criteria listed in Exhibit "F". In addition, the terms and conditions in the RNY Power contract form approved by the Trustees on March 26, 2019, are consistent with the terms and conditions recommended by EDPAB.

2. Modifications to Existing Allocations, Extensions, and/or Related Supplemental Commitments

At its meeting held on December 9, 2025, EDPAB recommended that the Trustees approve modifications relating to five previously approved RNY Power allocations, extensions, and/or related supplemental commitments listed in Exhibit "B" for the reasons presented below.

Staff has reviewed each of these applications, and a copy of each application has been made available to EDPAB. If approved, these modifications would be implemented through the customers' respective power contracts.

- i. One modification is related to an extension applicant, Midstate Spring, Inc., which is being recommended for additional RNY Power as indicated in Exhibit "B", Section 1. The company experienced significant load growth and is able to increase its job and capital investment commitments.
- ii. One modification is related to a previously approved extension allocation, as listed in Exhibit "B", Section 2. The customer, NYU Langone Hospitals ("NYU Langone"), currently utilizes its RNY Power allocation at facilities located in Brooklyn, New York and New York, New York. NYU Langone has requested the ability to allocate portions of its RNY Power allocation to additional facilities/accounts not specifically listed in its prior applications for RNY Power. It is anticipated that the additional sites would allow the customer to optimally utilize its full RNY Power allocation moving forward.
- iii. One modification is related to a customer requesting to consolidate its extension allocations into a combined campus configuration, as indicated in Exhibit "B", Section 3. The customer, Amneal Pharmaceuticals of New York, LLC ("Amneal"), currently utilizes separate RNY Power allocations at facilities located in Brookhaven, New York and Hauppauge, New York. A consolidated allocation would provide Amneal with more flexibility in meeting job and capital spending commitments across its facilities. The campus modification would further allow Amneal to operate under a single combined allocation covering both sites.
- iv. Two modifications are related to the legal names of entities for previously approved RNY Power allocations, as indicated in Exhibit "B", Section 4. In both cases, it was recently determined that the allocations need to be associated with the correct legal names for each customer. Specifically, an RNY Power allocation was previously approved under the legal name of The New York and Presbyterian Hospital whereas the correct legal name for the customer is Hudson Valley Hospital Center. Similarly, RNY Power allocations were previously approved under the legal name of 2758 Trombley Road, LLC whereas the correct legal name for the customer is Keith Titus Corporation. Staff is recommending that the allocation awards be associated with the correct legal names for each entity. The proposed modifications would not result in any changes to the job or capital investment commitments for each customer.

Staff has reviewed these requests and is recommending that the Trustees accept EDPAB's recommendations and approve each of the modifications described above.

3. Retention-Based RNY Power Allocations

The Trustees are asked to address six applications submitted via the CFA process for RNY Power retention-based allocations. Unless otherwise indicated in Exhibit "C", these applications seek an RNY Power allocation for job retention purposes only.

Consistent with the evaluation process as described above, EDPAB recommended, at its December 9, 2025 meeting, that RNY Power retention allocations be awarded to the businesses listed in Exhibit "C." Each business has committed to retain jobs in New York State and to make capital investments at their facilities in the amounts listed in Exhibit "C" in exchange for the recommended RNY Power allocations.

Staff recommends that the Trustees accept EDPAB's recommendations and award RNY Power allocations to each of the businesses listed in Exhibit "C" in the amounts and terms indicated therein.

4. Expansion-Based RNY Power Allocations

The Trustees are asked to address two applications requesting RNY Power allocations for expansion purposes. Allocations for this purpose would be sourced from the 200 MW block of RNY Power dedicated by statute for "for-profit" businesses that propose to expand existing businesses or create new businesses in the State. Unless otherwise indicated in Exhibit "D", these applications seek an RNY Power allocation to support expansion of an existing business or a new business/facility. EDPAB recommended, at its December 9, 2025 meeting, that RNY Power expansion-based allocations be made to the businesses listed in Exhibit "D." Each such allocation would be for a term of seven years unless otherwise indicated.

Applications for the expansion-based RNY Power were scored based on the statutory criteria with a focus on each applicant's specific project to expand or create their new facility or business (e.g., the expansion project's cost, associated job creation, and new electric load due to the expansion).

Unless otherwise noted in Exhibit "D," the proposed amounts of the expansion-based allocations listed in Exhibit "D" are largely intended to provide approximately 70% of each expansion project's estimated new electric load. Because these projects have estimated new load amounts, and to ensure that an applicant's overestimation of the amount needed will not cause that applicant to receive a higher percentage of RNY Power for their new loads, the allocations in Exhibit "D" are recommended based on an "up to" amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in its application, and would be allowed to use up to the amount of their RNY Power allocation in the same 70% ratio of RNY Power allocation to the requested load as stated in Exhibit "D."

Staff recommends that the Trustees accept EDPAB's recommendations and award RNY Power allocations to each of the businesses listed in Exhibit "D" in the amounts indicated therein.

5. Small Business and/or Not-for-Profit-Based RNY Power Allocations

The Trustees are asked to address applications for eligible small businesses and/or not-for-profit corporations resulting in 24 RNY Power allocation recommendations for retention and expansion purposes.

Consistent with the evaluation process described above, EDPAB recommended, at its December 9, 2025 meeting, that RNY Power allocations be awarded to the small businesses and/or not-for-profit applicants listed in Exhibit "E." These applicants have committed to retain or create jobs in New York State and make capital investments to the extent indicated in Exhibit "E" in exchange for the recommended RNY Power allocations as described in Exhibit "E." The RNY Power allocations identified in Exhibit "E" are recommended for a term of seven years unless otherwise indicated.

Staff recommends that the Trustees accept EDPAB's recommendations and award RNY Power allocations to each of the not-for-profit entities and/or small businesses listed in Exhibit "E" in the amounts indicated therein.

FISCAL INFORMATION

The actions recommended herein will not have a negative impact on the Authority's finances.

RECOMMENDATION

The Senior Vice President, Customer Solutions, requests that the Board of Trustees accept the recommendations of EDPAB and:

- (1) Authorize the extension of each of the existing 14 allocations of RNY Power in the manner described above for the customers listed in Exhibit "A" for a term of seven years to commence on the expiration of the allocation, or commencing on a date to be agreed upon by the parties for a term not to exceed seven years, subject to the conditions described above;
- (2) Approve the five modifications related to the RNY Power allocations, extensions, and/or related supplemental commitments described in Exhibit "B" for the reasons discussed above and in Exhibit "B";
- (3) Award new allocations of RNY Power for retention purposes to the six businesses listed in Exhibit "C" in the amounts indicated therein;
- (4) Award the new allocations of RNY Power for expansion purposes to the two businesses listed in Exhibit "D" in the amounts indicated therein; and
- (5) Award the 24 new allocations of RNY Power to the small business and/or not-for-profit applicants identified in Exhibit "E" for retention and/or expansion purposes in the amounts indicated therein.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That the Trustees hereby accept the recommendations of the Economic Development Power Allocation Board (“EDPAB”) and approve the extension of each of the existing 14 Recharge New York (“RNY”) Power allocations previously awarded, in the manner described in the accompanying memorandum of the President and Chief Executive Officer (“Memorandum”) for a term of seven years, to commence upon either (1) the expiration of the term of the allocation, or (2) at the Authority’s discretion, commencing on a date to be agreed upon by the Authority and the customer, for a term not to exceed seven years (collectively, the “Extended Term”), subject to the following conditions:

- (a) the sale of the allocations as extended herein shall be made pursuant to the contract form approved by the Board of Trustees on March 26, 2019, and in accordance with Authority Service Tariff RNY-1; and
- (b) in order to receive an extension of its allocation, the customer agrees, for the Extended Term, to provide the supplemental commitments related to jobs, capital investment and power utilization that are the same as, or substantially similar to, the recommendations (subject to adjustments described above) as determined by the Authority. These supplemental commitments must be incorporated into the final contract executed by the parties. RNY Power customers who do not have an ongoing project or expansion-related capital investment commitment, shall be required to meet a minimum capital investment commitment, which may be satisfied through capital expenditures made over a five-year period; and be it further

RESOLVED, That the Trustees hereby accept the recommendations of the EDPAB and approve the five modifications/adjustments to the RNY Power allocations, extensions, and/or related supplemental commitments described in the Memorandum, for the reasons indicated in the Memorandum; and be it further

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the six new RNY Power allocations for retention purposes for the reasons indicated in the Memorandum; and be it further

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the two new RNY Power allocations for expansion purposes for the reasons indicated in the Memorandum; and be it further

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the 24 RNY Power allocations for retention and/or expansion purposes to the small businesses and/or not-for-profit applicants for the reasons indicated in the Memorandum; and be it further

RESOLVED, That the Senior Vice President, Customer Solutions, or such official's designee, is hereby authorized on behalf of the Authority to provide for final terms and conditions that will be applicable to the foregoing allocations and/or projects, including without limitation, progress milestones and provisions for the expiration of any allocation in the event that such milestones are not met; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions, and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

New York Power Authority
Extension Recommendations - RNY Power Allocations for Retention Purposes (Large Businesses, Small Business, and/or NFP Corporations)

Exhibit "A"
December 9, 2025

Retention-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	Current kW Amount	Recommended kW Amount	Job Commitments	Capital Investment Commitment (\$)		Contract Term (Years)
1	Blasch Precision Ceramics, Inc.	Albany	Albany	Capital District	NGRID	Manufacturer of ceramic products	246	246	100	\$5,000,000		7
	Capital District Region Sub-totals:						246	246	100	\$5,000,000		
2	Midstate Spring, Inc.	Syracuse	Onondaga	Central New York	NGRID	Manufacturer of precision springs	140	300	94	\$600,000	(1)	7
	Central New York Region Sub-totals:						140	300	94	\$600,000		
3	Candid Litho Printing Ltd.	Farmingdale	Suffolk	Long Island	LIPA	High-tech printing & graphics production	226	226	60	\$250,000		7
4	Central Suffolk Hospital	Riverhead	Suffolk	Long Island	LIPA	Hospital & healthcare services	130	130	1,100	\$20,000,000		7
5	Contract Pharmacal Corp.	Hauppauge	Suffolk	Long Island	LIPA	Manufacturer of contract pharmaceuticals	420	420	1,268	\$4,000,000	(2)	7
6	John T. Mather Memorial Hospital of Port Jefferson, New York, Inc.	Port Jefferson	Suffolk	Long Island	LIPA	Hospital & healthcare services	830	830	1,585	\$20,000,000	(2)	7
7	LBi Software, Inc.	Melville	Suffolk	Long Island	LIPA	Software design and development	20	20	58	\$250,000		7
8	MMR Care Corp.	Farmingdale	Nassau	Long Island	LIPA	Rehabilitation and nursing center	100	100	115	\$200,000		7
	Long Island Region Sub-totals:						1,726	1,726	4,186	\$44,700,000		
9	Northern Westchester Hospital Association	Mount Kisco	Westchester	Mid-Hudson	CONED	Hospital & healthcare services	800	800	1,430	\$100,000,000		7
10	Phelps Memorial Hospital Association	Sleepy Hollow	Westchester	Mid-Hudson	CONED	Hospital & healthcare services	460	460	1,530	\$30,000,000		7
	Mid-Hudson Region Sub-totals:						1,260	1,260	2,960	\$130,000,000		
11	O.W. Hubbell & Sons, Inc.	Yorkville	Oneida	Mohawk Valley	NGRID	Galvanizing & powder coating facility	100	100	65	\$100,000		7
	Mohawk Valley Region Sub-totals:						100	100	65	\$100,000		

Retention-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	Current kW Amount	Recommended kW Amount	Job Commitments	Capital Investment Commitment (\$)		Contract Term (Years)
12	Intrepid Museum Foundation	New York	New York	New York City	CONED	Military & maritime history museum	290	290	250	\$1,500,000		7
	New York City Region Sub-totals:						290	290	250	\$1,500,000		
13	Therm, Incorporated	Ithaca	Tompkins	Southern Tier	NYSEG	Manufacturer of turbine components	336	336	145	\$2,500,000		7
	Southern Tier Region Sub-totals:						336	336	145	\$2,500,000		
14	Polymer Conversions, Inc.	Orchard Park	Eric	Western New York	NYSEG	Manufacturer of medical devices	176	176	82	\$350,000	(2)	7
	Western New York Region Sub-totals:						176	176	82	\$350,000		

Totals

4,274	4,434	7,882	\$184,750,000

- (1) The customer's extension recommendation includes a modification to accommodate an increased RNY Power award as a result of load growth and additional job commitments.
- (2) The recommendation and associated commitments will apply to multiple facilities/addresses. This configuration will be implemented accordingly in the customer's power contract.

New York Power Authority
Modifications to Existing RNY Power Allocations, Extensions, and/or Related Supplemental Commitments

Exhibit "B"
December 9, 2025

1. Modification Resulting in Additional Extension-Related RNY Power

Line	Company	City	County	Economic Development Region	IOU	Description	Current kW Amount	Recommended kW Amount	Final Job Commitments	Final Capital Investment Commitment	Contract Term (years)
1	Midstate Spring, Inc.	Syracuse	Onondaga	Central New York	NGRID	Manufacturer of precision springs	140	300	94	\$600,000	7

2. Modification to Incorporate Additional Facilities/Addresses

Line	Company	City	County	Economic Development Region	IOU	Description	Current kW Amount	Recommended kW Amount	Final Job Commitments	Final Capital Investment Commitment	Contract Term (years)
2	NYU Langone Hospitals	Brooklyn & New York	Kings & New York	New York City	CONED	Hospital & healthcare services	6,940	6,940	17,185	\$1,950,000,000	7

3. Modification to Combine Allocations into a Campus Setting Configuration

Line	Company	City	County	Economic Development Region	IOU	Description	Current kW Amount	Recommended kW Amount	Final Job Commitments	Final Capital Investment Commitment	Contract Term (years)
3	Amneal Pharmaceuticals of New York, LLC	Brookhaven & Hauppauge	Suffolk	Long Island	LIPA	Manufacturer of pharmaceutical products	502	502	648	\$30,350,000	7

4. Modifications to Legal Name Entities

Line	Company	City	County	Economic Development Region	IOU	Description	Current kW Amount	Recommended kW Amount	Final Job Commitments	Final Capital Investment Commitment	Contract Term (years)
4	Hudson Valley Hospital Center	Cortlandt Manor	Westchester	Mid-Hudson	CONED	Hospital & healthcare services	350	350	941	\$15,000,000	7
5	Keith Titus Corporation	Weedsport	Cayuga	Central New York	NYSEG	Bulk trucking services	46	46	85	\$11,100,000	7

New York Power Authority
Recommendations - RNY Power Allocations for Retention Purposes

Exhibit "C"
December 9, 2025

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Capital Investment (\$)		Contract Term (Years)
1	Advantech Industries, Inc.	Rochester	Monroe	Finger Lakes	RGE	Machining & sheet metal fabrication	852	426	145	0	\$4,000,000	(1)	7
2	General Motors LLC	Rochester	Monroe	Finger Lakes	RGE	Manufacturer of electric vehicle battery components	6,094	4,266	528	0	\$40,000,000		7
3	ITT Goulds Pumps, Inc.	Seneca Falls	Seneca	Finger Lakes	NYSEG	Manufacturer of industrial pumps	2,962	1,630	510	0	\$10,000,000		7
4	McQuillen Manufacturing LLC	Honeoye Falls	Monroe	Finger Lakes	NGRID	Precision machining & assembly services	446	220	25	0	\$3,000,000		7
5	Precise Tool & Manufacturing Inc.	Rochester	Monroe	Finger Lakes	RGE	Manufacturer of precision machined parts	1,014	560	132	0	\$5,000,000	(1), (2)	7
	Finger Lakes Region Sub-totals:							7,102	1,340	0	\$62,000,000		
6	McGard, LLC	Orchard Park	Erie	Western New York	NYSEG	Manufacturer of security devices	2,652	1,326	575	0	\$6,500,000		7
	Western New York Region Sub-totals:							1,326	575	0	\$6,500,000		

Totals

8,428	1,915	0	\$68,500,000

(1) The recommendation and associated commitments will apply to multiple facilities/addresses. This configuration will be implemented accordingly in the customer's power contract.

(2) This company is also being recommended for an expansion-related allocation of RNY Power for separate and distinct job creation and capital investment commitments associated with the proposed business expansion.

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation (1)	Base Employment (2)	Job Creation Commitment	Project Capital Investment (\$)		Contract Term (Years)
1	Precise Tool & Manufacturing Inc.	Rochester	Monroe	Finger Lakes	RGE	Manufacturer of precision machined parts	270	200	132	5	\$6,000,000	(3), (4)	7
	Finger Lakes Region Sub-totals:							200	0	5	\$6,000,000		
2	Modern Italian Bakery of West Babylon Inc.	Oakdale	Suffolk	Long Island	LIPA	Manufacturer of baked bread products	200	140	160	2	\$150,000	(5)	7
	Long Island Region Sub-totals:							140	0	2	\$150,000		

Totals	340	0	7	\$6,150,000

- (1) All expansion-based RNY Power allocations are recommended to be “up to” the amount indicated pending the applicant’s compliance with contractual commitments, including commitments relating to job creation, capital investment spending and power utilization.
- (2) The number of new jobs committed will be above a base employment level specified in the power sale contract with the applicant.
- (3) The recommendation and associated commitments will apply to multiple facilities/addresses. This configuration will be implemented accordingly in the customer's power contract.
- (4) This company is also being recommended for a retention-based RNY Power allocation associated with separate and distinct contractual commitments relating to such matters as job retention, capital investment spending, and power utilization associated with an existing business.
- (5) This company is a current RNY Power customer being recommended for an additional expansion allocation. The appropriate amounts related to the company's current job commitments have been removed from the totals above to properly reflect the increased amounts associated with the new award.

Retention-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Capital Investment (\$)		Contract Term (Years)
1	CLR Glens Falls LLC	Queensbury	Warren	Capital District	NGRID	Rehabilitation & nursing center	123	60	117	0	\$50,000		7
2	CLR Granville LLC	Granville	Washington	Capital District	NYSEG	Rehabilitation & nursing center	132	66	90	0	\$50,000		7
3	CLR Troy LLC	Troy	Rensselaer	Capital District	NGRID	Rehabilitation & nursing center	74	40	85	0	\$50,000		7
4	Warren Operations Associates LLC	Queensbury	Warren	Capital District	NGRID	Rehabilitation & nursing center	161	80	81	0	\$50,000		7
5	Washington Operations Associates LLC	Argyle	Washington	Capital District	NGRID	Rehabilitation & nursing center	224	110	138	0	\$50,000		7
	Capital District Region Sub-totals:							356	511	0	\$250,000		
6	Westgate Operations Associates LLC	Rochester	Monroe	Finger Lakes	RGE	Rehabilitation & nursing center	118	56	143	0	\$50,000		7
	Finger Lakes Region Sub-totals:							56	143	0	\$50,000		
7	Biocogent, LLC	Bellport	Suffolk	Long Island	LIPA	Manufacturer of dermatologic ingredients	40	26	15	0	\$40,000	(1), (2)	7
	Long Island Region Sub-totals:							26	15	0	\$40,000		
8	Cerven Solutions, Inc.	Poughkeepsie	Dutchess	Mid-Hudson	CHUD	Manufacturer of precision machined parts	26	16	4	0	\$550,000		7
9	Effective Workplace LLC	Newburgh	Orange	Mid-Hudson	CHUD	Furniture manufacturing facility	110	60	11	0	\$376,000	(1)	7
10	NYSARC, Inc.	Kingston	Ulster	Mid-Hudson	CHUD	Provides services to individuals with disabilities	241	90	212	0	\$794,000	(2)	7
11	Synergy 3D, Inc.	Wappingers Falls	Dutchess	Mid-Hudson	CHUD	Digital dental manufacturing facility	90	50	13	0	\$1,000,000		7
	Mid-Hudson Region Sub-totals:							216	240	0	\$2,720,000		

12	Fulton Operations Associates LLC	Gloversville	Fulton	Mohawk Valley	NGRID	Rehabilitation & nursing center	169	80	143	0	\$50,000		7

Retention-Based Allocations (continued)

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Capital Investment (\$)		Contract Term (Years)
13	Utica Operations Associates LLC	Utica	Oneida	Mohawk Valley	NGRID	Rehabilitation & nursing center	345	190	146	0	\$50,000		7
	Mohawk Valley Region Sub-totals:							270	289	0	\$100,000		
14	Wartburg Receiver LLC	Brooklyn	Kings	New York City	CONED	Rehabilitation & nursing center	288	156	180	0	\$50,000	(2)	7
	New York City Region Sub-totals:							156	180	0	\$50,000		
15	CLR Carthage LLC	Carthage	Jefferson	North Country	NGRID	Rehabilitation & nursing center	86	40	91	0	\$50,000		7
16	Essex Operations Associates LLC	Elizabethtown	Essex	North Country	NYSEG	Rehabilitation & nursing center	170	86	75	0	\$50,000		7
	North Country Region Sub-totals:							126	166	0	\$100,000		
17	Pavilion Operations LLC	Corning	Steuben	Southern Tier	NYSEG	Rehabilitation & nursing center	117	56	120	0	\$50,000		7
18	Steuben Operations Associates LLC	Bath	Steuben	Southern Tier	NYSEG	Rehabilitation & nursing center	47	26	99	0	\$50,000		7
	Southern Tier Region Sub-totals:							82	219	0	\$100,000		
19	King Urban Life Center, Inc.	Buffalo	Erie	Western New York	NGRID	Educational, social, & cultural programs	25	10	4	0	\$500,000		7
20	Waterfront Operations Associates LLC	Buffalo	Erie	Western New York	NGRID	Rehabilitation & nursing center	252	140	198	0	\$50,000		7
21	Westminster Economic Development Initiative, Inc.	Buffalo	Erie	Western New York	NGRID	Small business incubator	68	26	5	0	\$275,000		7
	Western New York Region Sub-totals:							176	207	0	\$825,000		

Retention-Based Totals

1,464	1,970	0	\$4,235,000

Expansion-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation (3)	Base Employment	Job Creation Commitment	Project Capital Investment (\$)		Contract Term (years)
22	Biocogent, LLC	Bellport	Suffolk	Long Island	LIPA	Manufacturer of dermatologic ingredients	960	530	15	19	\$6,500,000	(1), (2), (4), (5)	7
23	CubicAcres GH 1, LLC	Calverton	Suffolk	Long Island	LIPA	Indoor vertical farming facility	252	176	0	7	\$15,000,000		7
	Long Island Region Sub-totals:							706	0	26	\$21,500,000		
24	Effective Workplace LLC	Newburgh	Orange	Mid-Hudson	CHUD	Furniture manufacturing facility	157	86	11	12	\$740,000	(1), (5)	7
	Mid-Hudson Region Sub-totals:							86	0	12	\$740,000		

Expansion-Based Totals

792	0	38	\$22,240,000

Retention & Expansion-Based Totals

2,256	1,970	38	\$26,475,000

- (1) The applicants are being recommended for both RNY retention and expansion-based allocations.
- (2) The recommendation and associated commitments will apply to multiple facilities/addresses. This configuration will be implemented accordingly in the customer's power contract.
- (3) All expansion-based RNY Power allocations are recommended to be "up to" the amount indicated pending the applicant's compliance with contractual commitments, including commitments relating to job creation, capital investment spending, and power utilization.
- (4) The applicant is planning to relocate existing jobs from the Long Island High Tech Incubator in Stony Brook, NY to the new expansion project site in Bellport, NY.
- (5) The number of new jobs committed will be above a base employment level specified in the applicant's retention-based allocation recommendation.

Line	Criteria Description
1	The significance of the cost of electricity to the applicant's overall cost of doing business, and the impact that a Recharge New York power allocation will have on the applicant's operating costs;
2	The extent to which a Recharge New York power allocation will result in new capital investment in the state by the applicant;
3	The extent to which a Recharge New York power allocation is consistent with any regional economic development council strategies and priorities;
4	The type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;
5	The applicant's payroll, salaries, benefits and number of jobs at the facility for which a Recharge New York power allocation is requested;
6	The number of jobs that will be created or retained within the state in relation to the requested Recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a Recharge New York power allocation;
7	Whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a Recharge New York power allocation;
8	The significance of the applicant's facility that would receive the Recharge New York power allocation to the economy of the area in which such facility is located;
9	The extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a Recharge New York power allocation;
10	Whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the New York Power Authority;
11	The extent to which a Recharge New York power allocation will result in an advantage for an applicant in relation to the applicant's competitors within the state; and
12	In addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the Recharge New York power allocation is requested is located.

Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Expansion Power Allocations

SUMMARY

The New York Power Authority Board of Trustees (“Board of Trustees”) is requested to:

- (a) approve an allocation of 210 kilowatts (“kW”) of Expansion Power (“EP”) to U.S. Sugar Co., LLC (“U.S. Sugar”) for a ten-year term to support the company’s proposed expansion at 692 Bailey Avenue, Buffalo, New York (Erie County);
- (b) approve an allocation of 380 kilowatts (“kW”) of Expansion Power (“EP”) to Agri-Plastics USA, LLC (“Agri-Plastics”) for a ten-year term to support the company’s proposed expansion at 2 Steelworkers Way, Lackawanna, New York (Erie County); and
- (c) authorize a public hearing, in accordance with Public Authorities Law (“PAL”) § 1009, on a proposed form of contract (“Proposed Contract”) with U.S. Sugar and Agri-Plastics that would, along with Authority Service Tariff No. WNY-2 (“ST WNY-2”), apply to the sale of EP to these companies.

These matters are discussed in more detail below and in Exhibits “A” and “B” (background on the proposed new EP allocations). Copies of the Proposed Contracts for U.S. Sugar and Agri-Plastics, and ST WNY-2 are attached as Exhibits “A-1” and “B-1”.

BACKGROUND

Under PAL §1005(13), the New York Power Authority (“Authority”) may contract to allocate up to 250 megawatts (“MW”) of firm hydroelectric power as EP and up to 445 MW of Replacement Power (“RP”) to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

Each application for an allocation of EP and RP is evaluated under criteria that include, but need not be limited to, those set forth in PAL §1005(13)(a), which details general eligibility requirements. Among the factors to be considered when evaluating a request for an allocation of hydropower are (i) the number of jobs created as a result of the allocation; (ii) the business’s long-term commitment to the region as evidenced by the current and/or planned capital investment in the business’s facilities in the region; (iii) the ratio of the number of jobs to be created to the amount of power requested; (iv) the types of jobs to be created, as measured by wage and benefit levels, security and stability of employment; and (v) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

The Authority works closely with business associations, local distribution companies, and economic development entities to gauge support for the projects that would receive allocations of Authority hydropower.

Discussions routinely occur with National Grid, New York State Electric & Gas, Empire State Development, Invest Buffalo Niagara, the Niagara County Center for Economic Development, and the Erie County Industrial Development Agency (collectively, the “Economic Development Entities”) to coordinate other economic development incentives that may help bring economic development to New York State. Staff confers with the Economic Development Entities to help maximize the value of hydropower to improve the economy of Western New York and the State of New York. Each organization has expressed support for today’s recommended EP allocations.

At this time, 58,273 kW of unallocated EP and 52,597 kW of unallocated RP are available to be awarded to businesses under the criteria set forth in PAL §1005(13)(a).

DISCUSSION

U.S. Sugar

Established in 1989, U.S. Sugar focuses on distributing and packaging brown and powdered sugars, including granulated, powdered, and specialty assortments for retail and industrial customers. The company places a strong emphasis on sustainable farming practices, such as crop rotation, integrated pest management, and efforts to reduce chemical inputs.

U.S. Sugar is proposing to install two new high-efficiency bagger lines and develop a dedicated soft brown sugar packaging line at its Buffalo, New York facility. The new bagger lines would streamline operations, reduce downtime, and improve throughput across multiple product categories. The project is intended to advance automation and quality control systems to ensure product presentation and compliance with market standards.

By enhancing its operational capabilities, the expansion would enable U.S. Sugar to improve packaging flexibility and support growing demand for its soft brown sugar product range. The proposed expansion is expected to drive demand for local services, support local vendors and contractors, encourage innovation and collaboration, and contribute to the broader community revitalization.

The site of the proposed expansion is located within a disadvantaged community. Accordingly, the company’s application for hydropower has been considered under NYPA’s Diversity, Equity, and Inclusion Evaluation and Incentive Plan, approved by the Board of Trustees on December 7, 2021.

The company’s expansion project would involve a capital investment expenditure of at least \$12.5 million. This includes building expansion (a capital investment expenditure of approximately \$1.2 million), new machinery and equipment purchases (a capital investment expenditure of approximately \$11 million), and commissioning and testing fees (a capital investment expenditure of approximately \$0.3 million).

U.S. Sugar is planning to begin the initial phases of the project this year, with additional phases targeted for completion through 2026. The company would commit to create 35 new, permanent, full-time jobs at its Buffalo facility over the term of the allocation. Average annual compensation/benefits for the new jobs are estimated to be \$68,000 per job.

The company applied for a 300 kW allocation of hydropower in connection with the expansion project. Authority staff (“Staff”) recommends an EP allocation in the amount of 210 kW for a term of ten years.

The job creation ratio for the proposed allocation of 210 kW is 167 new jobs per MW. This ratio is above the historic average of 61 new jobs per MW, based on allocations previously awarded. The total investment of at least \$12.5 million would result in a capital investment ratio of \$59.5 million per MW. This ratio is above the historic average of \$20.6 million per MW.

The Economic Development Entities have expressed support for an allocation of EP to U.S. Sugar.

Agri-Plastics

Founded in 1995, Agri-Plastics focuses on designing and manufacturing innovative calf housing and livestock equipment. The company manufactures a variety of livestock equipment including feeders, waterers, and ventilation systems, intended to enhance the overall efficiency and productivity of farming operations. The company places strong importance on developing products that enhance animal health and improve farm operations.

Agri-Plastics is proposing to establish a new manufacturing facility in Lackawanna, New York with two automated rotational molding machines to produce calf hutches and custom rotomolded components. These hutches would be designed to improve calf health and growth by offering protection from harsh weather conditions and reducing disease transmission.

The project is expected to serve a wide range of customers across the agricultural and industrial sectors, while improving distribution challenges experienced at the company's U.S. headquarters located in Nebraska. The expansion would enhance labor and distribution while improving supply chain efficiency and delivery timelines.

The site of the proposed expansion is located within a disadvantaged community. Accordingly, the company's application for hydropower has been considered under NYPA's Diversity, Equity, and Inclusion Evaluation and Incentive Plan, approved by the Board of Trustees on December 7, 2021.

The company's expansion project would involve a capital investment expenditure of at least \$3.5 million. This includes machinery and equipment purchases (a capital investment expenditure of approximately \$3.5 million).

Agri-Plastics is planning to begin the initial phases of the project this year with additional phases targeted for completion through 2027. The company would commit to the creation of 26 new, permanent, full-time jobs at its Lackawanna facility over the term of the allocation. Average annual compensation/benefits for the new jobs are estimated to be \$51,000 per job.

The company applied for a 550 kW allocation of hydropower in connection with the expansion project. Authority staff ("Staff") recommends an EP allocation in the amount of 380 kW for a term of ten years.

The job creation ratio for the proposed allocation of 380 kW is 68 new jobs per MW. This ratio is above the historic average of 61 new jobs per MW, based on allocations previously awarded. The total investment of at least \$3.5 million would result in a capital investment ratio of \$9.2 million per MW. This ratio is below the historic average of \$20.6 million per MW.

EP Allocation – Contract Information

The following is a summary of some of the matters addressed in the Proposed Contracts with U.S. Sugar and Agri-Plastics, and in ST WNY-2:

- Base rates for demand and energy, an annual adjustment factor, and a minimum monthly charge which helps the Authority cover fixed costs of serving a customer even when the customer does not utilize the allocation in a billing period.
- Direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. charges, taxes and any other required assessments.
- The provision of substitute energy in the event of hydropower curtailments caused by adverse water conditions that impact power project operations.
- Basic requirements for customer metering.

- Early outreach to the customer concerning allocation extension initiatives by the Authority.
- Requirements for energy audits at the facility receiving the allocation. The customer would have the option to satisfy the audit requirement through either a traditional physical audit or a virtual audit using the Authority's New York Energy Manager, which is expected to provide considerable savings for customers who select it.
- Periodic communications to customers about energy-related projects, programs and services offered by the Authority.
- Compliance provisions that allow the Authority to reduce a customer's allocation for a failure to meet supplemental commitments, with an opportunity for the customer to present a proposed plan with actionable milestones to cure deficiencies.
- The collection of a Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge to allow the Authority to recover costs it incurs relating to its purchase of Zero Emission Credits and Renewable Energy Credits attributable to the customer's load.

Staff intends to discuss the form of the Proposed Contract with U.S Sugar and Agri-Plastics, and anticipates reaching agreement on a contract substantially similar to the forms attached as Exhibits "A-1" and "B-1". Accordingly, the Board of Trustees is requested to authorize a public hearing, pursuant to PAL §1009, on the forms of the Proposed Contract with U.S Sugar and Agri-Plastics attached as Exhibits "A-1" and "B-1". The forms of the Proposed Contract are consistent with recently approved contracts for the sale of EP and RP.

As required by PAL §1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of EP or RP, it will transmit the proposed form of the contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days' notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the form of the contract may be modified, if advisable. Staff will report to the Board of Trustees on the public hearing and the Proposed Contract at a later time and make any additional recommendations regarding the Proposed Contract as are appropriate.

Upon approval of the final Proposed Contract by the Authority, the Authority must "report" the Proposed Contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority is authorized to execute the final contracts.

FISCAL INFORMATION

The actions recommended herein are not expected to have a significant negative impact on the Authority's finances.

RECOMMENDATION

The Senior Vice President, Customer Solutions, requests that the Board of Trustees:

- 1) approve an allocation of 210 kW of EP to U.S. Sugar as described herein and in Exhibit "A" for a term of ten years;
- 2) approve an allocation of 380 kW of EP to Agri-Plastics as described herein and in Exhibit "B" for a term of ten years; and
- 3) authorize a public hearing, in accordance with PAL § 1009, on the Proposed Contracts with U.S. Sugar and Agri-Plastics attached as Exhibits "A-1" and "B-1".

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That an allocation of 210 kilowatts (“kW”) of Expansion Power (“EP”) to U.S. Sugar Co., LLC (“U.S. Sugar”) for a term of ten years to support the company’s proposed expansion at 692 Bailey Avenue, Buffalo, New York, as detailed in the foregoing memorandum of the President and Chief Executive Officer (“Memorandum”), be and hereby is approved, subject to rates previously approved by the Board of Trustees; and be it further;

RESOLVED, That an allocation of 380 kilowatts (“kW”) of Expansion Power (“EP”) to Agri-Plastics USA, LLC (“Agri-Plastics”) for a term of ten years to support the company’s proposed expansion at Two Steelworkers Way, Lackawanna, New York, as detailed in the foregoing memorandum of the President and Chief Executive Officer (“Memorandum”), be and hereby is approved, subject to rates previously approved by the Board of Trustees; and be it further;

RESOLVED, That the Board of Trustees hereby authorize a public hearing pursuant to Public Authorities Law (“PAL”) §1009 on the terms of the proposed form of the direct sale contracts with U.S. Sugar and Agri-Plastics for the sale of the EP allocations (the “Contracts”); and be it further;

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit a copy of the proposed Contract to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to PAL §1009; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions, and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

APPLICATION SUMMARY
Expansion Power ("EP")

Company:	U.S. Sugar Co., LLC ("U.S. Sugar")
Location:	Buffalo, NY
County:	Erie County
IOU:	National Grid
Business Activity:	Established in 1989, U.S. Sugar specializes in the distribution and packaging of brown and powdered sugar products. The company provides various types of sugar, including granulated, powdered, and specialty sugars, to both retail and industrial customers. U.S. Sugar plays a key role in sourcing, refining, and delivering high-quality sugar products to meet the diverse needs of its clients.
Project Description:	U.S. Sugar is proposing to install two new high-efficiency bagger lines and develop a dedicated soft brown sugar packaging line at its Buffalo facility. The project would streamline operations and support growing demand for the company's soft brown sugar products.
Existing Allocation(s):	N/A
Power Request:	300 kW of EP
Power Recommended:	210 kW of EP
Job Commitment:	
Base:	205
New:	At least 35 jobs
New Jobs/Power Ratio:	167 jobs/MW
New Jobs - Avg. Wage and Benefits:	\$68,000
Capital Investment:	At least \$12.5 million
Capital Investment/MW:	\$59.5 million/MW
Other ED Incentives:	U.S. Sugar is pursuing incentives from Empire State Development.
Summary:	U.S. Sugar is proposing to install two new bagger lines and develop a new soft brown sugar packaging line at its Buffalo facility. The project is expected to increase production capacity, enhance packaging flexibility, and support growing demand for its soft brown sugar product range. An allocation of low-cost hydropower could further incentivize U.S. Sugar to consider additional expansion opportunities at its Buffalo plant in the future.

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER

U.S. Sugar Co., LLC

The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power (“Agreement”) with U.S. Sugar Co., LLC (“Customer”) with offices and principal place of business at 692 Bailey Avenue, Buffalo, NY 14206. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree as follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission (“FERC”) Project No. 2216, including hydropower known as Expansion Power (“EP”) and Replacement Power (“RP”) to qualified businesses in accordance with PAL § 1005(5) and (13);

WHEREAS, the Customer has applied for an allocation of EP and/or RP, or for an extension of an existing allocation of EP or RP, for use at facilities defined in this Agreement as the “Facility”;

WHEREAS, the Customer has offered to make specific commitments relating to, among other things, the creation and/or retention of jobs, capital investments, power usage and energy efficiency measures at the Facility;

WHEREAS, the Authority’s Board of Trustees approved an allocation of EP and/or RP to the Customer;

WHEREAS, the Parties have reached an agreement on the terms and conditions applicable for the sale of the EP and/or RP for a term provided in this Agreement;

WHEREAS, the Authority’s provision of Electric Service under this Agreement is an unbundled service separate from the transmission of the allocation, and the delivery of the Allocation;

WHEREAS, electric service to be provided hereunder shall be subject to the rates and other terms and conditions contained in the Service Tariff No. WNY-2 as provided in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009, and has been authorized to execute the Agreement; and

NOW, THEREFORE, in consideration of mutual covenants, terms, and conditions herein, and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties do hereby mutually covenant and agree as follows:

ARTICLE I **DEFINITIONS**

When used with initial capitalization, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below. When used with initial capitalization, whether singular or plural, terms defined in schedules or appendices to this Agreement shall have the meanings set forth in such schedules or appendices.

“Adverse Water Condition” means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.

“Agreement” means this Agreement, and unless otherwise indicated herein, includes all schedules, appendices and addenda thereto, as the same may be amended from time to time.

“Allocation” refers to the allocation(s) of EP and/or RP awarded to the Customer as specified in Schedule A.

“Alternative REC Compliance Program” has the meaning provided in Schedule E.

“Annual Capital Investment Commitment” has the meaning set forth in Schedule B.

“Annual CI Expenditures” has the meaning set forth in Schedule B.

“Base Employment Level” has the meaning set forth in Schedule B.

“Contract Demand” is as defined in Service Tariff No. WNY-2.

“Customer-Arranged Energy” means energy that the Customer procures from sources other than the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment.

“Effective Date” means the date that this Agreement is fully executed by the Parties.

“Electric Service” is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-2 and the Rules.

“Energy Services” has the meaning set forth in Article V of this Agreement.

“Expansion Power” (or “EP”) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(13).

“Expansion Project” has the meaning set forth in Section IV.3.a of this Agreement.

“Expansion Project Capital Investment Commitment” has the meaning set forth in Schedule B.

“Facility” means the Customer’s facilities as described in Schedule A to this Agreement.

“Firm Power” is as defined in Service Tariff No. WNY-2.

“Firm Energy” is as defined in Service Tariff No. WNY-2.

“FERC” means the Federal Energy Regulatory Commission (or any successor organization).

“FERC License” means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.

“Hydro Projects” is a collective reference to the Project and the Authority’s St. Lawrence-FDR Project, FERC Project No. 2000.

“International Joint Commission” or “IJC” refers to the entity with responsibility to prevent and resolve disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The IJC rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.

“Load Reduction” has the meaning set forth in Section IX.6 of this Agreement.

“Load Serving Entity” (or “LSE”) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

“Metering Arrangement” has the meaning set forth in Section II.8 of this Agreement.

“NYEM” means the New York Energy Manager, an energy management center owned and operated by the Authority.

“NYEM Agreement” means a written agreement between the Authority and the Customer providing for the Facility’s enrollment and Customer’s participation in NYEM.

“NYEM Participation” has the meaning specified in Schedule B of this Agreement.

“NYISO” means the New York Independent System Operator or any successor organization.

“NYISO Charges” has the meaning set forth in Section VII.3 of this Agreement.

“NYISO Tariffs” means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

“Planned Hydropower Curtailment” means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an anticipated or forecasted Adverse Water Condition.

“Physical Energy Audit” or “Audit” means a physical evaluation of the Facility in a manner approved by the Authority that includes at a minimum the following elements: (a) an assessment of the Facility’s energy use, cost and efficiency which produces an energy utilization index for the Facility (such as an Energy Use Intensity or Energy Performance Indicator); (b) a comparison of the Facility’s index to indices for similar buildings/facilities; (c) an analysis of low-cost/no-cost measures for improving energy efficiency; (d) a listing of potential capital improvements for improving energy consumption; and (e) an initial assessment of potential costs and savings from such measures and improvements.

“Project” means the Niagara Power Project, FERC Project No. 2216.

“Replacement Power” (or “RP”) is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(13).

“Reporting Year” means the yearly interval that the Authority uses for reporting, compliance and other purposes as specified in this Agreement. The Reporting Year for this Agreement is from January 1 through December 31, subject to change by the Authority without notice.

“Rolling Average” has the meaning set forth in Schedule B.

“Rules” are the applicable provisions of 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 may be modified from time to time by the Authority.

“Service Information” has the meaning set forth in Section II.12 of this Agreement.

“Service Tariff No. WNY-2” means the Authority’s Service Tariff No. WNY-2, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

“Schedule A” refers to the Schedule A entitled “Expansion Power and/or Replacement Power Allocations” which is attached to and made part of this Agreement.

“Schedule B” refers to the Schedule B entitled “Supplemental Expansion Power and/or Replacement Power Commitments” which is attached to and made part of this Agreement, including any appendices attached thereto.

“Schedule C” refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

“Schedule D” refers to the Schedule D entitled “Zero Emission Credit Charge” which is attached to and made part of this Agreement.

“Schedule E” refers to the Schedule E entitled “Monthly Renewable Energy Credit Charge” which is attached to and made part of this Agreement.

“Substitute Energy” means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment or an Unplanned Hydropower Curtailment.

“Takedown” means the portion of the Allocation that Customer requests to be scheduled for a specific period as provided for in Schedule C, if applicable.

“Taxes” is as defined in Service Tariff No. WNY-2.

“Unforced Capacity” (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

“Unplanned Hydropower Curtailment” means a temporary reduction in the amount of Firm Energy to which the Customer is entitled to receive under this Agreement due to Adverse Water Condition that the Authority did not anticipate or forecast.

“Utility Tariff” means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

ARTICLE II

ELECTRIC SERVICE

1. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-2 and the Rules.
2. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified in Schedule A.
3. The Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation specified in Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.
4. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-2.

5. The provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and delivery of power and energy to the Customer. The Customer acknowledges and agrees that Customer's local electric utility, not the Authority, shall be responsible for delivering the Allocation to the Facility specified in Schedule A in accordance with the applicable Utility Tariff(s).
6. The Contract Demand for the Customer's Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.
7. The Contract Demand may not exceed the Allocation.
8. The Customer's Facility must be metered by the Customer's local electric utility in a manner satisfactory to the Authority, or another metering arrangement satisfactory to the Authority must be provided (collectively, "Metering Arrangement"). A Metering Arrangement that is not satisfactory to the Authority shall be grounds, after notice to the Customer, for the Authority to modify, withhold, suspend, or terminate Electric Service to the Customer. If a Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination that it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. After commencement of Electric Service, the Customer shall notify the Authority in writing within thirty (30) days of any alteration to the Facility's Metering Arrangement, and provide any information requested by the Authority (including Facility access) to enable the Authority to determine whether the Metering Arrangement remains satisfactory. If an altered Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. The Authority may, in its discretion, waive any of the requirements provided for in this Section in whole or in part where in the Authority's judgment, another mechanism satisfactory to the Authority can be implemented to enable the Authority to receive pertinent, timely and accurate information relating to the Customer's energy consumption and demand and render bills to the Customer for all fees, assessments and charges that become due in accordance with this Agreement, Service Tariff No. WNY-2, and the Rules.
9. The Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that such parties determine is necessary to provide for the allocation, sale and delivery of the Allocation to the Customer, the proper and efficient implementation of the EP and/or RP program, billing related to Electric Service, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters. In addition, the Customer agrees to complete such forms and consents that the Authority determines are necessary to effectuate such exchanges of information.

10. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement between the Authority and the Customer's local electric utility providing for the delivery of the Allocation on terms and conditions that are acceptable to the Authority.
11. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, execute consents, and provide information (collectively, "Service Information") that the Authority determines is necessary for the provision of Electric Service, the delivery of the Allocation, billing related to Electric Service, the effective administration of the EP and/or RP programs, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide Service Information on a timely basis shall be grounds for the Authority in its discretion to modify, withhold, suspend, or terminate Electric Service to the Customer.

ARTICLE III

RATES, TERMS AND CONDITIONS

1. Electric Service shall be sold to the Customer in accordance with the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-2 and the Rules. The Authority agrees to waive the Minimum Monthly Charge set forth in Service Tariff No. WNY-2 for a period up to one (1) year upon written request from the Customer that is accompanied by information that demonstrates to the Authority's satisfaction a short-term reduction or interruption of Facility operations due to events beyond the Customer's control. The Customer shall provide such information that the Authority requests during the period of any such waiver to enable the Authority to periodically evaluate the ongoing need for such waiver.
2. If the Authority at any time during the term of this Agreement enters into an agreement with another customer for the sale of EP or RP at power and energy rates that are more advantageous to such customer than the power and energy rates provided in this Agreement and Service Tariff No. WNY-2, then the Customer, upon written request to the Authority, will be entitled to such more advantageous power and energy rates in the place of the power and energy rates provided in this Agreement and Service Tariff No. WNY-2 effective from the date of such written request, provided, however, that the foregoing provision shall not apply to:
 - a. any agreement for the sale of EP and/or RP with an Authority customer whose purchase of EP and/or RP is associated with an Authority service tariff other than Service Tariff No. WNY-2, including Authority Service Tariff No. WNY-1; or
 - b. any agreement for the sale of EP and/or RP with an Authority customer which is associated with such customer's participation in an Alternative REC Compliance Program provided for in Schedule E of this Agreement.
3. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with

respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

4. In addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff WNY-2 and the Rules, the Customer shall be responsible for payment of the Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge provided for in Schedule D and Schedule E, respectively, of this Agreement.

ARTICLE IV

SUPPLEMENTAL COMMITMENTS

1. Supplemental Commitments. Schedule B sets forth the Customer's "Supplemental Expansion Power and/or Replacement Power Commitments" ("Supplemental Commitments"). The Authority's obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer's timely compliance with the Supplemental Commitments described in Schedule B as further provided in this Agreement. The Customer's Supplemental Commitments are in addition to all other commitments and obligations provided in this Agreement.
2. *[Intentionally Left Blank]*
3. Special Provisions Relating to a New or Expanded Facility.

- a. Proposed New or Expanded Facility; Failure to Complete.

If Schedule B provides for the construction of a new facility or an expansion of an existing facility (collectively, "Expansion Project"), and the Customer fails to complete the Expansion Project by the date specified in Schedule B, the Authority may, in its discretion, (a) cancel the Allocation, or (b) if it believes that the Expansion Project will be completed in a reasonable time, agree with the Customer to extend the time for completion of the Expansion Project.

- b. Proposed New or Expanded Facility; Partial Performance.

If the Expansion Project results in a completed Facility that is only partially operational, or is material different than the Expansion Project agreed to in Schedule B (as measured

by such factors as size, capital investment expenditures, capital improvements, employment levels, estimated energy demand and/or other criteria determined by the Authority to be relevant), the Authority may, in its discretion, on its own initiative or at the Customer's request, make a permanent reduction to the Allocation and Contract Demand to an amount that the Authority determines to fairly correspond to the completed Facility.

c. Notice of Completion; Commencement of Electric Service.

- (i) The Customer shall give the Authority not less than ninety (90) days' advance written notice of the anticipated date of completion of an Expansion Project. The Authority will inspect the Expansion Project for the purpose of verifying the status of the Expansion Project and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time subject to the other provisions of this Agreement based on applicable operating procedures of the Authority, Customer's local electric utility and NYISO.
- (ii) In the event of an Expansion Project being completed in multiple phases, at the Customer's request the Authority may, in its discretion, allow commencement of part of the Allocation upon completion of any such phase, provided the Authority will similarly inspect the Expansion Project for the purpose of verifying the status of the completed phase of the Expansion Project. Upon such verification by the Authority of any such completed phase, the Authority, in its discretion, will determine an amount of kW that fairly corresponds to the completed phase of the Expansion Project, taking into account relevant criteria such as any capital expenditures, increased employment levels, and/or increased electrical demand associated with the completed phase of the Expansion Project.

d. Other Rights and Remedies Unaffected.

Nothing in this Article is intended to limit the Authority's rights and remedies provided for in the other provisions of this Agreement, including without limitation the provisions in Schedule B of this Agreement.

ARTICLE V
ENERGY-RELATED PROJECTS, PROGRAMS AND SERVICES

The Authority shall periodically communicate with the Customer for the purpose of informing the Customer about energy-related projects, programs and services ("Energy Services") offered by the Authority that in the Authority's view could provide value to the Customer and/or support the State's Clean Energy Standard. The Customer shall review and respond to all such offers in good faith, provided, however, that, except as otherwise provided for in this Agreement, participation in any such Energy Services shall be at the Customer's option, and subject to such terms and conditions agreed to by the Parties in one or more definitive agreements.

ARTICLE VI
SERVICE TARIFF; CONFLICTS

1. A copy of Service Tariff No. WNY-2 in effect upon the execution of this Agreement is attached to this Agreement as Exhibit 1, and will apply under this Agreement with the same force and effect as if fully set forth herein. The Customer consents to the application of Service Tariff WNY-2. Service Tariff No. WNY-2 is subject to revision by the Authority from time to time, and if revised, the revised provisions thereof will apply under this Agreement with the same force and effect as if set forth herein. The Authority shall provide the Customer with prior written notice of any revisions to Service Tariff No. WNY-2.
2. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-2 and the Rules, the provisions of Service Tariff No. WNY-2 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-2 or the Rules, the provisions of this Agreement shall govern.

ARTICLE VII
TRANSMISSION AND DELIVERY

1. The Customer shall be responsible for:
 - a. complying with all requirements of its local electric utility (including any other interconnecting utilities) that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff;
 - b. paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff, and if the Authority incurs any charges associated with such delivery service, reimbursing the Authority for all such charges; and
 - c. obtaining any consents and agreements from any other person that are necessary for the delivery of the Allocation to the Facility, and complying with the requirements of any such person, provided that any such consents, agreements and requirements shall be subject to the Authority's approval.
2. The Authority will use good faith efforts to provide the Customer with at least one year's advance notice of the scheduled expiration of Historic Fixed Price Transmission Congestion Contracts. After issuance of any such notice, the Authority will make itself available at reasonable times to collaborate with the Customer and other EP and RP customers to discuss potential risk-hedging options that might be available following expiration of such contracts.
3. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in Service

Tariff No. WNY-2 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related.

4. The Authority will consider opportunities to assist the Customer concerning actions, practices, or procedures of the Customer's local electric utility identified by the Customer that could adversely impact the implementation and effectiveness of the EP and RP programs, provided that whether or not to take any action or adopt any position on any issue, including any adverse position, is within the Authority's discretion and further subject to applicable laws, regulations and existing legal obligations.

ARTICLE VIII

BILLING AND BILLING METHODOLOGY

1. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.
2. All other provisions with respect to billing are set forth in Service Tariff No. WNY-2 and the Rules.
3. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

ARTICLE IX

HYDROPOWER CURTAILMENTS AND SUBSTITUTE ENERGY

1. The Customer shall, on a form provided by the Authority, elect to either (a) purchase Substitute Energy from the Authority, or (b) rely on Customer-Arranged Energy, for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment. The Customer shall make its election in accordance with the time period and other requirements prescribed in such form. The election shall apply for the entire calendar year identified in the form.
2. The Customer may change its election on a form provided by the Authority by giving the Authority notice of such change no later than the first day of November preceding the calendar year to which the Customer intends such change to become effective. Such change shall be effective on the first day of January following the Authority's receipt the Customer's notice and shall remain in effect unless it is changed in accordance with the provisions of Section IX.1.
3. In the event of an anticipated or planned Adverse Water Condition, the Authority will have the right in its discretion to implement Planned Hydropower Curtailments. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project. The Authority will provide the Customer with advance notice of Planned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer no later than the tenth business day of the month

prior to the month in which the Planned Hydropower Curtailment is expected to occur unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.

4. If the Customer elected to purchase Substitute Energy from the Authority, the Authority shall provide Substitute Energy to the Customer during all Planned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO. The Authority may require the Customer to enter into one or more separate agreements to facilitate the provision of Substitute Energy to the Customer.
5. If the Customer elected to rely on Customer-Arranged Energy, the Authority shall have no responsibility to provide the Customer with Substitute Energy during any Planned Hydropower Curtailment, and the Customer shall be responsible for the procurement, scheduling, delivery and payment of all costs associated with Customer-Arranged Energy.
6. The Customer shall have the right to reduce its load in response to a Planned Hydropower Curtailment (a "Load Reduction"), provided, however, that the Customer shall, on an Authority form, provide the Authority with no less than seven (7) days' advance notice of the time period(s) during when the Load Reduction will occur, the estimated amount of the Load Reduction (demand and energy), and all other information required by such form. The Authority will confirm whether the notice provides the required information and proposed Load Reduction has been accepted. The Customer shall reimburse the Authority for all costs that the Authority incurs as a result of the Customer's failure to provide such notice.
7. In the event of an Adverse Water Condition that the Authority did not anticipate or forecast, the Authority shall have the right in its discretion to implement Unplanned Hydropower Curtailments. The Unplanned Hydropower Curtailments will be implemented on a non-discriminatory basis as to all Authority customers that are served by the Project.
8. The Authority will provide the Customer with notice of Unplanned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond. The Authority will give the Customer notice of any Unplanned Hydropower Curtailments that the Authority believes are likely to exceed forty-eight (48) continuous hours in duration.
9. Notwithstanding the Customer's election pursuant to Section IX.1, the Authority shall provide the Customer with Substitute Energy during Unplanned Hydropower Curtailments.
10. For each kilowatt-hour of Substitute Energy provided by the Authority during a Planned Hydropower Curtailment, the Customer shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless

otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Planned Hydropower Curtailments shall be governed by the provisions of Service Tariff WNY-2 relating to the rendition and payment of bills for Electric Service.

11. The Customer shall be responsible for all costs associated with the Authority's provision of Substitute Energy during Unplanned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Unplanned Hydropower Curtailments shall be governed by the provisions of Service Tariff WNY-2 relating to the rendition and payment of bills for Electric Service.
12. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods.

ARTICLE X

EFFECTIVENESS, TERM AND TERMINATION

1. This Agreement shall become effective and legally binding on the Parties on the Effective Date.
2. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (a) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (b) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-2, or the Rules; or (c) expiration of the Allocation by its own term as specified in Schedule A.
3. The Customer may exercise a partial termination of the Allocation upon at least sixty (60) days' prior written notice to the Authority. The Authority will effectuate the partial termination as soon as practicable after receipt of such notice taking account of the Authority's internal procedures and requirements of the Customer's local electric utility.
4. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-2, or the Rules.

ARTICLE XI

EXTENSIONS OF ALLOCATION; AWARD OF ADDITIONAL ALLOCATIONS

1. The Customer may apply to the Authority for an extension of the term of the Allocation identified in Schedule A:
 - a. during the thirty-six (36) month period immediately preceding the scheduled expiration of the Allocation;

- b. pursuant to any other process that the Authority establishes; or
 - c. with the Authority's written consent.
2. Upon proper application by the Customer, the Authority may in accordance with applicable law and Authority procedures award additional allocations of EP and/or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (a) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (b) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.
3. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for extension of the Allocation or additional allocations and consider the terms and conditions that should be applicable of any extension or additional allocations.

ARTICLE XII

NOTICES

1. Notices, consents, authorizations, approvals, instructions, waivers or other communications provided in this Agreement shall be in writing and transmitted to the Parties as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: ContractDocs@nypa.gov
Facsimile: (914) 390-8156
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

U.S. Sugar Co., LLC
692 Bailey Avenue
Buffalo, NY 14206
Email: Ibrahim.Cisse@asrgroup.com
Facsimile: N/A
Attention: Ibrahim Cisse

2. The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XII.1.
3. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed

properly given: (a) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (b) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (c) if delivered by hand, with written confirmation of receipt; (d) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (e) on the date of transmission if sent by electronic communication to the appropriate address as set forth above, with confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

ARTICLE XIII

SUCCESSORS AND ASSIGNS; RESALE OF HYDROPOWER

1. This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto, provided that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party, which consent shall not be unreasonably withheld or conditioned. Notwithstanding the foregoing sentence, the Authority may require such approvals, and such consents and other agreements from the Customer and other parties, that the Authority determines are necessary in order to effectuate any such assignment.
2. The Customer may not transfer any portion of the Allocation to any other person, or a location different than the Facility, unless: (a) the Authority in its discretion authorizes the transfer Authority; (b) all other requirements applicable to a transfer, including board approvals, are satisfied; and (c) the transfer is effectuated in a form and subject to such terms and conditions approved by the Authority. Any purported transfer that does not comply with the foregoing requirements shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service or terminate the Allocation and/or this Agreement.
3. The Customer may not sell any portion of the Allocation to any other person. Any purported sale shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service, or terminate the Allocation and/or this Agreement.

ARTICLE XIV

MISCELLANEOUS

1. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a) and rulings by the IJC and without regard to conflicts of law provisions.

2. Venue

The Parties: (a) consent to the exclusive jurisdiction and venue of any state court within or

for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement; (b) agree to accept service of process; and (c) will not raise any argument of inconvenient forum.

3. Previous Agreements; Modifications; and Interpretation

- a. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of the Allocation and the subject matter of the Agreement, and supersedes all previous communications and agreements between the Parties, oral or written, with reference to the sale of the Allocation.
- b. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.
- c. No provision shall be construed against a Party on the basis that such Party drafted such provision.

4. Waiver

Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

5. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof. Notwithstanding the preceding sentence, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

ARTICLE XV
EXECUTION

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this

Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement as a PDF or similar file type transmitted via electronic mail, cloud based server, e-signature technology or similar electronic means shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

U.S. SUGAR CO., LLC

By: _____

Title: _____

Date: _____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
John R. Koelmel, Chairman

Date: _____

SCHEDULE A
EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: U.S. Sugar Co., LLC				
Type of Allocation	Allocation Amount (kW)	Facility Address	Trustee Approval Date	Allocation Expiration Date
EP	210 kW	692 Bailey Avenue Buffalo, NY, 14206	December 9, 2025	Ten (10) years from the date of commencement of Electric Service

SCHEDULE B
**SUPPLEMENTAL EXPANSION POWER AND/OR REPLACEMENT POWER
COMMITMENTS**

ARTICLE I
SPECIFIC SUPPLEMENTAL COMMITMENTS

1. Employment Commitments

- a. The Customer shall create and maintain the employment level set forth in the Appendix to this Schedule B (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (a) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (b) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.
- b. The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.
- c. The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s discretion.

2. Capital Investment Commitments

The Customer shall make the capital investments specified in the Appendix to this Schedule B.

3. Power Utilization

For each month the Authority provides Electric Service to the Customer, the Customer shall utilize the entire Allocation, as represented by the Billing Demand (as such term is described in Service Tariff No. WNY-2), provided, however, that if only part of the Allocation is being utilized in accordance with Schedule C, the Customer shall utilize such partial amount of the Allocation.

4. Energy Efficiency and Conservation Program

- a. The Customer shall implement an energy efficiency and conservation program at the Facility through either (a) enrollment of the Facility and participation in NYEM in accordance with a NYEM Agreement, or (b) one or more Physical Energy Audits of the Facility, or (c) a combination of such measures, in accordance with the provisions of this Article.
- b. The Authority shall transmit to the Customer a NYEM Agreement and an election form. The Customer shall elect to either (a) enroll the Facility and participate in NYEM for a three-year term (“NYEM Participation”) in accordance with the NYEM Agreement, or (b) perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority’s communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit within three (3) years of the Effective Date of this Agreement, at its own expense.
- c. The Authority shall, on or before the expiration of the three-year term of the NYEM Agreement, transmit to the Customer a NYEM Agreement specifying the terms and conditions that would apply to NYEM participation for a second term, and an election form. The Customer shall elect either (a) NYEM Participation for a second term, or (b) to perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority’s communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit during the calendar year that begins six years after the Effective Date of this Agreement, at its own expense.
- d. The Authority may in its discretion waive the requirement for a Physical Energy Audit, or may agree to a limited energy audit of the Facility, where it determines that the Physical Energy Audit is unnecessary based on the age of the Facility, energy efficiency and conservation improvements made at the Facility, the length of the Allocation, or other considerations the Authority determines to be relevant.

ARTICLE II
RECORDKEEPING, REPORTING AND FACILITY ACCESS

1. Employment

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

2. Capital Investments

The Customer shall comply with the recordkeeping, recording and reporting requirements specified in the Appendix to this Schedule B.

3. Power Usage

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement.

4. Energy Efficiency and Conservation Program

Upon the Authority's request, the Customer shall provide the Authority with (a) a copy of the results of any Physical Energy Audit performed at the Facility (or, at the Authority's option, a report describing the results), performed pursuant to this Article; and (b) a description of any energy efficiency or conservation measures that the Customer has implemented at the Facility in response to any Physical Energy Audit or as a result of NYEM Participation.

5. Facility Access

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer's compliance with the Customer's Supplemental Commitments specified in this Schedule B.

ARTICLE III

COMPLIANCE ACTION BY THE AUTHORITY

1. Employment

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in the Appendix to this Schedule B for the subject calendar year, the Authority may reduce the Contract Demand in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

2. Capital Investment Commitment

The Authority may reduce the Contract Demand as provided in the Appendix to this Schedule B if the Customer does not comply with the Capital Investment Commitment.

3. Power Utilization Level

If the average of the Customer's six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-2) for Expansion Power and/or Replacement Power is less than 90% of the Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to in accordance with the procedures provide in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

4. Additional Compliance Action

In addition to the Authority's other rights and remedies provided in this Agreement, Service Tariff WNY-2 and the Rules, the Authority may suspend Electric Service to the Customer if the Customer does not comply with any of the requirements in Section I.4 or Article II of this Schedule B.

5. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to Sections III.1, III.2, or III.3 of this Schedule B, the Authority shall provide the Customer with at least thirty (30) days prior written notice of the proposed reduction, specifying the amount and reason for the reduction.

Before implementing any reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance, Facility upgrade periods, and the business cycle. If, at the end of the thirty (30) day notice period, the Authority determines that a reduction is warranted, it shall provide the Customer with notice of such determination and provide the Customer with sixty (60) days to present a proposed plan with actionable milestones to cure the deficiency. The Authority shall respond to the Customer concerning the acceptability of any proposed plan that is provided in accordance with this Section III.5 within thirty (30) days of the Authority's receipt of such proposed plan. It shall be within the Authority's discretion whether or not to accept the Customer's proposed plan, require a different plan, or implement the reduction of the Contract Demand.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 240 full-time, permanent employees (“Base Employment Level”) at the Customer’s Facility. The Base Employment Level shall be maintained for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT COMMITMENTS

1. **Annual Capital Investment Commitment** (if applicable, as specified below)
 - a. Each Reporting Year, the rolling average of the annual capital investments made by the Customer at the Facility (“Rolling Average”) shall total not less than N/A (the “Annual Capital Investment Commitment”). For purposes of this provision, “Rolling Average” means the three-year average comprised of (1) the total amount of capital investments (“Annual CI Expenditures”) made by the Customer at the Facility during the current Reporting Year, and (2) the Annual CI Expenditures made by the Customer at the Facility during the two prior Reporting Years.
 - b. Each year, the Customer shall record its Annual CI Expenditures for purposes of enabling the Authority to determine and verify the Rolling Average, which shall be provided to the Authority in a form specified by the Authority on or before the last day of February following the end of the most recent calendar year.
 - c. If the Customer’s Rolling Average as determined by the Authority is less than 90% of its Annual Capital Investment Commitment for the Reporting Year, the Contract Demand may be reduced by the Authority in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the Rolling Average divided by the Annual Capital Investment Commitment. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.
2. **Expansion Project–Capital Investment Commitment** (if applicable, as specified below)
 - a. The Customer shall make a minimum capital investment of \$12,500,000 to construct, furnish and/or expand the Facility (“Expansion Project Capital Investment Commitment”). The Expansion Project Capital Investment Commitment is expected to consist of the following approximate expenditures on the items indicated:

DESCRIPTION	EXPENDITURE
Expansion of Facility	\$1,200,000
Machinery and Equipment	\$11,000,000
Commissioning and Testing	\$300,000
Total Minimum Expansion Project Capital Investment Commitment:	<u>\$12,500,000</u>

Total Expansion Project Capital Investment Commitment:

- b. The Expansion Project Capital Investment Commitment shall be made, and the Facility shall be completed and fully operational, no later than December 9, 2028 (*i.e.*, within three (3) years of the date of the Authority's award of the Allocation). Upon request of the Customer, such date may be extended in the discretion of the Authority.

SCHEDULE C
TAKEDOWN SCHEDULE

SCHEDULE D
ZERO EMISSION CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. WNY-2, or in the Rules.

“Affected LSEs” has the meaning provided in Section II.2 of this Schedule D.

“CES Order” means the Order issued by the PSC entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“EP and RP Programs ZEC Costs” has the meaning provided in Section II.4.b of this Schedule D.

“Government Action” has the meaning provided in Section II.8 of this Schedule D.

“Load Serving Entity” or “LSE” has the meaning provided in the CES Order.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the EP and RP power programs as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Zero Emission Credit” or “ZEC” has the meaning provided in the CES Order.

“Zero Emission Credit Charge” or “ZEC Charge” means the charge to the Customer established in this Schedule D.

“ZEC Purchase Obligation” has the meaning provided in Section II.2 of this Schedule D.

“ZEC Program Year” has the meaning provided in Section II.2 of this Schedule D.

II. ZEC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules, as of January 1, 2019, the Customer shall be subject to a ZEC Charge as provided in this Schedule D. The ZEC Charge shall be in addition to all other charges, fees and assessments provided for in the Agreement, Service Tariff No. WNY-2 and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the ZEC Charge.
2. As provided in the CES Order, the Public Service Commission, as part of the CES and Tier 3 of the Renewable Energy Standard, imposed an obligation on Load Serving Entities that are subject to the CES Order (“Affected LSEs”) to purchase Zero Emission Credits from NYSERDA in an amount representing the Affected LSE’s proportional share of ZECs calculated on the basis of the amount of electric load the LSE serves in relation to the total electric load served by all Load Serving Entities in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes in the State (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).
3. The ZEC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of supporting the CES and Tier 3 of the RES and implementing the EP and RP power programs in a manner that is consistent with the New York State Energy Plan. The Authority will comply with the CES and Tier 3 of the RES by applying a form of ZEC Purchase Obligation to the end-user load for which the Authority serves as a load serving entity, including the load that the Authority serves under the EP and RP power programs.
4. The ZEC Charge, which is intended to recover from the Customer costs that the Authority incurs for purchasing ZECs in quantities that are attributable to the Customer’s EP and/or RP load served under this Agreement, will be determined and assessed to the Customer as follows:
 - a. The cost of the total ZEC Purchase Obligation for all LSEs in the New York Control Area, including the Authority as a participating load serving entity, will be assessed pursuant to the methodology provided in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA based on the proportion of the forecasted total kilowatt-hours load served by

the Authority (i.e., total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The ZEC Purchase Obligations may be based on initial load forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

- b. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as load serving entity, including the EP and RP load that it serves (the “EP and RP Programs ZEC Costs”). Such allocation will be based on the forecasted kilowatt-hours load of the EP and RP programs to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for each ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of ZEC Purchase Obligations will be allocated to the EP and RP power programs based on the proportion of the actual annual kilowatt-hours load served under such programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
 - c. The Authority will allocate a portion of the EP and RP Programs ZEC Costs to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the EP and/or RP purchased by the Customer to total kilowatt-hours load served by the Authority under the EP and RP power programs (i.e., EP and RP Programs level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation referenced above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the EP and RP power program by the Authority (EP and RP Programs level load). The ZEC Charge assessed to the Customer shall not include any costs resulting from the Authority’s inability to collect a ZEC Charge from any other Authority customer.
5. The Authority may, in its discretion, include the ZEC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the ZEC Charge pursuant to another Authority-established procedure.
6. The Authority may, in its discretion, modify the methodology used for determining the ZEC Charge and the procedures used to implement such ZEC Charge on a nondiscriminatory basis among affected EP and RP customers, upon consideration of such matters as Public Service Commission orders modifying or implementing the CES Order, guidance issued by the New York Department of Public Service, and other information that the Authority reasonably determines to be appropriate to the determination of such methodology. The Authority shall

provide Customer with reasonable notice of any modifications to the methodology or procedures used to determine and implement the ZEC Charge.

7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules.
8. If the ZEC Purchase Obligation is modified or terminated by the Public Service Commission or other controlling governmental authority (collectively, "Government Action"), the Authority shall modify or terminate the ZEC Charge, and assess any additional charges or provide any credits to the Customer, to the extent that the Authority determines such actions to be appropriate based on such Government Action.

SCHEDULE E
MONTHLY RENEWABLE ENERGY CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. WNY-2, or in the Rules.

“Alternative REC Compliance Program” has the meaning provided in Section III.1 of this Schedule E.

“Annual REC Percentage Target” has the meaning provided in Section II.2 of this Schedule E.

“CES Order” means the Order issued by the Public Service Commission entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Clean Energy Standard” or “CES” means the Clean Energy Standard adopted by the State in the CES Order.

“Load Serving Entity” has the meaning provided in the CES Order.

“Mandatory Minimum Percentage Proportion” has the meaning provided in the CES Order.

“Monthly Renewable Energy Credit Charge” or “Monthly REC Charge” means the monthly charge to the Customer established in this Schedule E.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Credit” or “REC” refers to a qualifying renewable energy credit as described in the CES Order.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the EP and RP power programs as authorized in the Power Authority Act.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“REC Compliance Measures” mean: (1) the Authority’s procurement of RECs from NYSERDA in accordance with NYSERDA procedures and/or the CES Order; (2) the Authority’s procurement of RECs from available REC markets; (3) the Authority’s procurement of RECs from sources other than those identified in items (1) and (2) of this definition, including through a procurement process adopted by the Authority; and/or (4) any other measure that the PCS authorizes a Load Serving Entity to implement for the purpose of meeting the applicable Mandatory Minimum Percentage Proportion.

“Total Monthly EP-RP Load” has the meaning provided in Section II.3.b of this Schedule E

“Total Monthly REC Costs” has the meaning provided in Section II.3.b of this Schedule E.

II. MONTHLY REC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules, as of January 1, 2019, the Customer shall be subject to a Monthly REC Charge as provided in this Schedule E. The Monthly REC Charge is in addition to all other charges, fees and assessments provided in the Agreement, Service Tariff No. WNY-2 and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the Monthly REC Charge.
2. The Monthly REC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of complying with the CES and Tier 1 of the RES and implementing the EP and RP power programs in a manner that is consistent with the New York State Energy Plan, pursuant to which the Authority will invest in new renewable generation resources to serve its EP and RP customers. Such investments will be made through the procurement of RECs through REC Compliance Measures in quantities that are intended to address the annual Mandatory Minimum Percentage Proportions as applied by the Authority to the total EP and RP load that the Authority will serve each calendar year (the “Annual REC Percentage Target”) for the purpose of ultimately meeting the RES.
3. The Monthly REC Charge, which is intended to recover from the Customer costs that the Authority incurs for implementing REC Compliance Measures that are attributable to the Customer’s EP and/or RP load served under this Agreement, will be determined and assessed to the Customer as follows:

- a. The Authority shall have the right, for each calendar year to implement such REC Compliance Measures as it determines in its discretion to be appropriate for the purpose of meeting the Annual REC Percentage Target for the total EP and RP load that it will serve during such calendar year.
 - b. The Authority will, for each month of each calendar year, calculate the total costs (“Total Monthly REC Costs”) that the Authority has incurred or estimates that it will incur from implementing RES Compliance Measures for the purpose of meeting the Annual REC Percentage Target for the total EP and RP kilowatt-hour load for the month (“Total Monthly EP-RP Load”). The Total Monthly REC Costs may be calculated based on forecasts of the Total Monthly EP-RP Load that the Authority expects to serve for the month, or on a lagged basis based on the actual Total Monthly EP-RP Load that the Authority served for the month.
 - c. Each month, the Authority will assess to the Customer, as a Monthly REC Charge, which will represent the Customer’s share of the Total Monthly REC Costs assessed to the Total Monthly EP-RP Load. The Monthly REC Charge will be assessed as the proportion of the Customer’s total kilowatt-hours load served by the Authority for such month to the Total Monthly EP-RP Load served by the Authority for such month, provided, however, that:
 - i. the Monthly REC Charge to the Customer shall not include any costs associated with the Authority’s inability to collect the Monthly REC Charge from other Authority customers; and
 - ii. the effective per-MWh rate of the Monthly REC Charge to the Customer averaged over the REC Program Year to which the Annual REC Percentage Target applies shall not exceed the per-MWh rate of a Monthly REC Charge based on NYSERDA’s published REC price for the REC Program Year.
4. The Authority may, in its discretion, include the Monthly REC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the Monthly REC Charge pursuant to another Authority-established procedure.
5. The Authority will, at the conclusion of each calendar year in which it assesses a Monthly REC Charge, conduct a reconciliation process based on the actual costs that it incurred for REC Compliance Measures and actual load served for the year, compared with cost or load estimates or forecasts, if any, that the Authority used to calculate the Customer’s Monthly REC Charges during the year. The Authority will issue a credit, or an adjusted final charge for the year, as appropriate, based on the results of such reconciliation process. Any such final charge shall be payable within the time frame applicable to the Authority’s bills

for Electric Service under this Agreement or pursuant to any other procedure established by the Authority pursuant to Section II.4 of this Schedule E.

6. Notwithstanding the provisions of Section II.3 of this Schedule E, if Electric Service for the Allocation is commenced after the Authority has implemented REC Compliance Measures for the year in which such Electric Service is commenced, and as a result the Customer's load cannot be accounted for in such REC Compliance Measures, the Authority may in its discretion implement separate REC Compliance Measures in order to meet the Annual REC Percentage Target for Customer's load for the year, and bill the Customer for the costs associated with such separate REC Compliance Measures.
7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules.

III. ALTERNATIVE REC COMPLIANCE PROGRAM

1. Nothing in this Schedule E shall be construed as preventing the Parties from entering into other agreements for an alternative arrangement for the Authority to meet the Annual REC Percentage Target with respect to the Customer's Allocation, including but not limited to Customer self-supply of RECs, alternative REC compliance programs and cost allocation mechanisms, in lieu of the Monthly REC Charge provided in this Schedule E (collectively, "Alternative REC Compliance Program").
2. The Authority shall communicate at least biennially with the Customer concerning implementation of the RES Compliance Program and potential Alternative REC Compliance Programs, if any, that the Authority is offering or expects to offer.

APPLICATION SUMMARY
Expansion Power (“EP”)

Company:	Agri-Plastics USA, LLC (“Agri-Plastics”)
Location:	Lackawanna, NY
County:	Erie County
IOU:	National Grid
Business Activity:	Established in 1995, Agri-Plastics specializes in designing and manufacturing innovative calf housing and livestock equipment. The company focuses on creating products that promote better animal health and streamline farm operations.
Project Description:	Agri-Plastics is proposing to establish a new manufacturing facility in Lackawanna, New York with two automated rotational molding machines to produce calf hutches and custom rotomolded components. The expansion project would address labor and distribution challenges while improving supply chain efficiency and delivery timelines.
Existing Allocation(s):	N/A
Power Request:	550 kW of EP
Power Recommended:	380 kW of EP
Job Commitment:	
Base:	0
New:	At least 26 jobs
New Jobs/Power Ratio:	68 jobs/MW
New Jobs - Avg. Wage and Benefits:	\$51,000
Capital Investment:	At least \$3.5 million
Capital Investment/MW:	\$9.2 million/MW
Other ED Incentives:	Agri-Plastics is pursuing incentives from Empire State Development (ESD).
Summary:	Agri-Plastics is proposing to establish a new manufacturing facility in Lackawanna featuring two automated rotational machines, with space allocated for a third as production needs grow. The primary output would be Agri-Plastic’s proprietary calf hutch line supporting the dairy industry. The project is expected to serve a wide range of customers across the agricultural and industrial sectors, while improving distribution challenges experienced at its U.S. headquarters in Nebraska. An allocation of low-cost hydropower could further incentivize Agri-Plastics to consider additional expansion opportunities at its Lackawanna plant in the future.

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER

Agri-Plastics USA, LLC

The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power (“Agreement”) with Agri-Plastics USA, LLC (“Customer”) with offices and principal place of business at 2 Steel Workers Way, Lackawanna, NY, 14218. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree as follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission (“FERC”) Project No. 2216, including hydropower known as Expansion Power (“EP”) and Replacement Power (“RP”) to qualified businesses in accordance with PAL § 1005(5) and (13);

WHEREAS, the Customer has applied for an allocation of EP and/or RP, or for an extension of an existing allocation of EP or RP, for use at facilities defined in this Agreement as the “Facility”;

WHEREAS, the Customer has offered to make specific commitments relating to, among other things, the creation and/or retention of jobs, capital investments, power usage and energy efficiency measures at the Facility;

WHEREAS, the Authority’s Board of Trustees approved an allocation of EP and/or RP to the Customer;

WHEREAS, the Parties have reached an agreement on the terms and conditions applicable for the sale of the EP and/or RP for a term provided in this Agreement;

WHEREAS, the Authority’s provision of Electric Service under this Agreement is an unbundled service separate from the transmission of the allocation, and the delivery of the Allocation;

WHEREAS, electric service to be provided hereunder shall be subject to the rates and other terms and conditions contained in the Service Tariff No. WNY-2 as provided in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009, and has been authorized to execute the Agreement; and

NOW, THEREFORE, in consideration of mutual covenants, terms, and conditions herein, and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties do hereby mutually covenant and agree as follows:

ARTICLE I **DEFINITIONS**

When used with initial capitalization, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below. When used with initial capitalization, whether singular or plural, terms defined in schedules or appendices to this Agreement shall have the meanings set forth in such schedules or appendices.

“Adverse Water Condition” means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.

“Agreement” means this Agreement, and unless otherwise indicated herein, includes all schedules, appendices and addenda thereto, as the same may be amended from time to time.

“Allocation” refers to the allocation(s) of EP and/or RP awarded to the Customer as specified in Schedule A.

“Alternative REC Compliance Program” has the meaning provided in Schedule E.

“Annual Capital Investment Commitment” has the meaning set forth in Schedule B.

“Annual CI Expenditures” has the meaning set forth in Schedule B.

“Base Employment Level” has the meaning set forth in Schedule B.

“Contract Demand” is as defined in Service Tariff No. WNY-2.

“Customer-Arranged Energy” means energy that the Customer procures from sources other than the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment.

“Effective Date” means the date that this Agreement is fully executed by the Parties.

“Electric Service” is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-2 and the Rules.

“Energy Services” has the meaning set forth in Article V of this Agreement.

“Expansion Power” (or “EP”) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(13).

“Expansion Project” has the meaning set forth in Section IV.3.a of this Agreement.

“Expansion Project Capital Investment Commitment” has the meaning set forth in Schedule B.

“Facility” means the Customer’s facilities as described in Schedule A to this Agreement.

“Firm Power” is as defined in Service Tariff No. WNY-2.

“Firm Energy” is as defined in Service Tariff No. WNY-2.

“FERC” means the Federal Energy Regulatory Commission (or any successor organization).

“FERC License” means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.

“Hydro Projects” is a collective reference to the Project and the Authority’s St. Lawrence-FDR Project, FERC Project No. 2000.

“International Joint Commission” or “IJC” refers to the entity with responsibility to prevent and resolve disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The IJC rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.

“Load Reduction” has the meaning set forth in Section IX.6 of this Agreement.

“Load Serving Entity” (or “LSE”) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

“Metering Arrangement” has the meaning set forth in Section II.8 of this Agreement.

“NYEM” means the New York Energy Manager, an energy management center owned and operated by the Authority.

“NYEM Agreement” means a written agreement between the Authority and the Customer providing for the Facility’s enrollment and Customer’s participation in NYEM.

“NYEM Participation” has the meaning specified in Schedule B of this Agreement.

“NYISO” means the New York Independent System Operator or any successor organization.

“NYISO Charges” has the meaning set forth in Section VII.3 of this Agreement.

“NYISO Tariffs” means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

“Planned Hydropower Curtailment” means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an anticipated or forecasted Adverse Water Condition.

“Physical Energy Audit” or “Audit” means a physical evaluation of the Facility in a manner approved by the Authority that includes at a minimum the following elements: (a) an assessment of the Facility’s energy use, cost and efficiency which produces an energy utilization index for the Facility (such as an Energy Use Intensity or Energy Performance Indicator); (b) a comparison of the Facility’s index to indices for similar buildings/facilities; (c) an analysis of low-cost/no-cost measures for improving energy efficiency; (d) a listing of potential capital improvements for improving energy consumption; and (e) an initial assessment of potential costs and savings from such measures and improvements.

“Project” means the Niagara Power Project, FERC Project No. 2216.

“Replacement Power” (or “RP”) is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(13).

“Reporting Year” means the yearly interval that the Authority uses for reporting, compliance and other purposes as specified in this Agreement. The Reporting Year for this Agreement is from January 1 through December 31, subject to change by the Authority without notice.

“Rolling Average” has the meaning set forth in Schedule B.

“Rules” are the applicable provisions of 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 may be modified from time to time by the Authority.

“Service Information” has the meaning set forth in Section II.12 of this Agreement.

“Service Tariff No. WNY-2” means the Authority’s Service Tariff No. WNY-2, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

“Schedule A” refers to the Schedule A entitled “Expansion Power and/or Replacement Power Allocations” which is attached to and made part of this Agreement.

“Schedule B” refers to the Schedule B entitled “Supplemental Expansion Power and/or Replacement Power Commitments” which is attached to and made part of this Agreement, including any appendices attached thereto.

“Schedule C” refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

“Schedule D” refers to the Schedule D entitled “Zero Emission Credit Charge” which is attached to and made part of this Agreement.

“Schedule E” refers to the Schedule E entitled “Monthly Renewable Energy Credit Charge” which is attached to and made part of this Agreement.

“Substitute Energy” means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment or an Unplanned Hydropower Curtailment.

“Takedown” means the portion of the Allocation that Customer requests to be scheduled for a specific period as provided for in Schedule C, if applicable.

“Taxes” is as defined in Service Tariff No. WNY-2.

“Unforced Capacity” (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

“Unplanned Hydropower Curtailment” means a temporary reduction in the amount of Firm Energy to which the Customer is entitled to receive under this Agreement due to Adverse Water Condition that the Authority did not anticipate or forecast.

“Utility Tariff” means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

ARTICLE II

ELECTRIC SERVICE

1. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-2 and the Rules.
2. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified in Schedule A.
3. The Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation specified in Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.
4. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-2.

5. The provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and delivery of power and energy to the Customer. The Customer acknowledges and agrees that Customer's local electric utility, not the Authority, shall be responsible for delivering the Allocation to the Facility specified in Schedule A in accordance with the applicable Utility Tariff(s).
6. The Contract Demand for the Customer's Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.
7. The Contract Demand may not exceed the Allocation.
8. The Customer's Facility must be metered by the Customer's local electric utility in a manner satisfactory to the Authority, or another metering arrangement satisfactory to the Authority must be provided (collectively, "Metering Arrangement"). A Metering Arrangement that is not satisfactory to the Authority shall be grounds, after notice to the Customer, for the Authority to modify, withhold, suspend, or terminate Electric Service to the Customer. If a Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination that it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. After commencement of Electric Service, the Customer shall notify the Authority in writing within thirty (30) days of any alteration to the Facility's Metering Arrangement, and provide any information requested by the Authority (including Facility access) to enable the Authority to determine whether the Metering Arrangement remains satisfactory. If an altered Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. The Authority may, in its discretion, waive any of the requirements provided for in this Section in whole or in part where in the Authority's judgment, another mechanism satisfactory to the Authority can be implemented to enable the Authority to receive pertinent, timely and accurate information relating to the Customer's energy consumption and demand and render bills to the Customer for all fees, assessments and charges that become due in accordance with this Agreement, Service Tariff No. WNY-2, and the Rules.
9. The Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that such parties determine is necessary to provide for the allocation, sale and delivery of the Allocation to the Customer, the proper and efficient implementation of the EP and/or RP program, billing related to Electric Service, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters. In addition, the Customer agrees to complete such forms and consents that the Authority determines are necessary to effectuate such exchanges of information.

10. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement between the Authority and the Customer's local electric utility providing for the delivery of the Allocation on terms and conditions that are acceptable to the Authority.
11. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, execute consents, and provide information (collectively, "Service Information") that the Authority determines is necessary for the provision of Electric Service, the delivery of the Allocation, billing related to Electric Service, the effective administration of the EP and/or RP programs, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide Service Information on a timely basis shall be grounds for the Authority in its discretion to modify, withhold, suspend, or terminate Electric Service to the Customer.

ARTICLE III

RATES, TERMS AND CONDITIONS

1. Electric Service shall be sold to the Customer in accordance with the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-2 and the Rules. The Authority agrees to waive the Minimum Monthly Charge set forth in Service Tariff No. WNY-2 for a period up to one (1) year upon written request from the Customer that is accompanied by information that demonstrates to the Authority's satisfaction a short-term reduction or interruption of Facility operations due to events beyond the Customer's control. The Customer shall provide such information that the Authority requests during the period of any such waiver to enable the Authority to periodically evaluate the ongoing need for such waiver.
2. If the Authority at any time during the term of this Agreement enters into an agreement with another customer for the sale of EP or RP at power and energy rates that are more advantageous to such customer than the power and energy rates provided in this Agreement and Service Tariff No. WNY-2, then the Customer, upon written request to the Authority, will be entitled to such more advantageous power and energy rates in the place of the power and energy rates provided in this Agreement and Service Tariff No. WNY-2 effective from the date of such written request, provided, however, that the foregoing provision shall not apply to:
 - a. any agreement for the sale of EP and/or RP with an Authority customer whose purchase of EP and/or RP is associated with an Authority service tariff other than Service Tariff No. WNY-2, including Authority Service Tariff No. WNY-1; or
 - b. any agreement for the sale of EP and/or RP with an Authority customer which is associated with such customer's participation in an Alternative REC Compliance Program provided for in Schedule E of this Agreement.
3. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with

respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

4. In addition to all other fees, assessments and charges provided for in the Agreement, Service Tariff WNY-2 and the Rules, the Customer shall be responsible for payment of the Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge provided for in Schedule D and Schedule E, respectively, of this Agreement.

ARTICLE IV

SUPPLEMENTAL COMMITMENTS

1. Supplemental Commitments. Schedule B sets forth the Customer's "Supplemental Expansion Power and/or Replacement Power Commitments" ("Supplemental Commitments"). The Authority's obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer's timely compliance with the Supplemental Commitments described in Schedule B as further provided in this Agreement. The Customer's Supplemental Commitments are in addition to all other commitments and obligations provided in this Agreement.
2. *[Intentionally Left Blank]*
3. Special Provisions Relating to a New or Expanded Facility.

- a. Proposed New or Expanded Facility; Failure to Complete.

If Schedule B provides for the construction of a new facility or an expansion of an existing facility (collectively, "Expansion Project"), and the Customer fails to complete the Expansion Project by the date specified in Schedule B, the Authority may, in its discretion, (a) cancel the Allocation, or (b) if it believes that the Expansion Project will be completed in a reasonable time, agree with the Customer to extend the time for completion of the Expansion Project.

- b. Proposed New or Expanded Facility; Partial Performance.

If the Expansion Project results in a completed Facility that is only partially operational, or is material different than the Expansion Project agreed to in Schedule B (as measured

by such factors as size, capital investment expenditures, capital improvements, employment levels, estimated energy demand and/or other criteria determined by the Authority to be relevant), the Authority may, in its discretion, on its own initiative or at the Customer's request, make a permanent reduction to the Allocation and Contract Demand to an amount that the Authority determines to fairly correspond to the completed Facility.

c. Notice of Completion; Commencement of Electric Service.

- (i) The Customer shall give the Authority not less than ninety (90) days' advance written notice of the anticipated date of completion of an Expansion Project. The Authority will inspect the Expansion Project for the purpose of verifying the status of the Expansion Project and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time subject to the other provisions of this Agreement based on applicable operating procedures of the Authority, Customer's local electric utility and NYISO.
- (ii) In the event of an Expansion Project being completed in multiple phases, at the Customer's request the Authority may, in its discretion, allow commencement of part of the Allocation upon completion of any such phase, provided the Authority will similarly inspect the Expansion Project for the purpose of verifying the status of the completed phase of the Expansion Project. Upon such verification by the Authority of any such completed phase, the Authority, in its discretion, will determine an amount of kW that fairly corresponds to the completed phase of the Expansion Project, taking into account relevant criteria such as any capital expenditures, increased employment levels, and/or increased electrical demand associated with the completed phase of the Expansion Project.

d. Other Rights and Remedies Unaffected.

Nothing in this Article is intended to limit the Authority's rights and remedies provided for in the other provisions of this Agreement, including without limitation the provisions in Schedule B of this Agreement.

ARTICLE V
ENERGY-RELATED PROJECTS, PROGRAMS AND SERVICES

The Authority shall periodically communicate with the Customer for the purpose of informing the Customer about energy-related projects, programs and services ("Energy Services") offered by the Authority that in the Authority's view could provide value to the Customer and/or support the State's Clean Energy Standard. The Customer shall review and respond to all such offers in good faith, provided, however, that, except as otherwise provided for in this Agreement, participation in any such Energy Services shall be at the Customer's option, and subject to such terms and conditions agreed to by the Parties in one or more definitive agreements.

ARTICLE VI
SERVICE TARIFF; CONFLICTS

1. A copy of Service Tariff No. WNY-2 in effect upon the execution of this Agreement is attached to this Agreement as Exhibit 1, and will apply under this Agreement with the same force and effect as if fully set forth herein. The Customer consents to the application of Service Tariff WNY-2. Service Tariff No. WNY-2 is subject to revision by the Authority from time to time, and if revised, the revised provisions thereof will apply under this Agreement with the same force and effect as if set forth herein. The Authority shall provide the Customer with prior written notice of any revisions to Service Tariff No. WNY-2.
2. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-2 and the Rules, the provisions of Service Tariff No. WNY-2 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-2 or the Rules, the provisions of this Agreement shall govern.

ARTICLE VII
TRANSMISSION AND DELIVERY

1. The Customer shall be responsible for:
 - a. complying with all requirements of its local electric utility (including any other interconnecting utilities) that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff;
 - b. paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff, and if the Authority incurs any charges associated with such delivery service, reimbursing the Authority for all such charges; and
 - c. obtaining any consents and agreements from any other person that are necessary for the delivery of the Allocation to the Facility, and complying with the requirements of any such person, provided that any such consents, agreements and requirements shall be subject to the Authority's approval.
2. The Authority will use good faith efforts to provide the Customer with at least one year's advance notice of the scheduled expiration of Historic Fixed Price Transmission Congestion Contracts. After issuance of any such notice, the Authority will make itself available at reasonable times to collaborate with the Customer and other EP and RP customers to discuss potential risk-hedging options that might be available following expiration of such contracts.
3. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in Service

Tariff No. WNY-2 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related.

4. The Authority will consider opportunities to assist the Customer concerning actions, practices, or procedures of the Customer's local electric utility identified by the Customer that could adversely impact the implementation and effectiveness of the EP and RP programs, provided that whether or not to take any action or adopt any position on any issue, including any adverse position, is within the Authority's discretion and further subject to applicable laws, regulations and existing legal obligations.

ARTICLE VIII

BILLING AND BILLING METHODOLOGY

1. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.
2. All other provisions with respect to billing are set forth in Service Tariff No. WNY-2 and the Rules.
3. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

ARTICLE IX

HYDROPOWER CURTAILMENTS AND SUBSTITUTE ENERGY

1. The Customer shall, on a form provided by the Authority, elect to either (a) purchase Substitute Energy from the Authority, or (b) rely on Customer-Arranged Energy, for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment. The Customer shall make its election in accordance with the time period and other requirements prescribed in such form. The election shall apply for the entire calendar year identified in the form.
2. The Customer may change its election on a form provided by the Authority by giving the Authority notice of such change no later than the first day of November preceding the calendar year to which the Customer intends such change to become effective. Such change shall be effective on the first day of January following the Authority's receipt the Customer's notice and shall remain in effect unless it is changed in accordance with the provisions of Section IX.1.
3. In the event of an anticipated or planned Adverse Water Condition, the Authority will have the right in its discretion to implement Planned Hydropower Curtailments. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project. The Authority will provide the Customer with advance notice of Planned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer no later than the tenth business day of the month

prior to the month in which the Planned Hydropower Curtailment is expected to occur unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.

4. If the Customer elected to purchase Substitute Energy from the Authority, the Authority shall provide Substitute Energy to the Customer during all Planned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO. The Authority may require the Customer to enter into one or more separate agreements to facilitate the provision of Substitute Energy to the Customer.
5. If the Customer elected to rely on Customer-Arranged Energy, the Authority shall have no responsibility to provide the Customer with Substitute Energy during any Planned Hydropower Curtailment, and the Customer shall be responsible for the procurement, scheduling, delivery and payment of all costs associated with Customer-Arranged Energy.
6. The Customer shall have the right to reduce its load in response to a Planned Hydropower Curtailment (a "Load Reduction"), provided, however, that the Customer shall, on an Authority form, provide the Authority with no less than seven (7) days' advance notice of the time period(s) during when the Load Reduction will occur, the estimated amount of the Load Reduction (demand and energy), and all other information required by such form. The Authority will confirm whether the notice provides the required information and proposed Load Reduction has been accepted. The Customer shall reimburse the Authority for all costs that the Authority incurs as a result of the Customer's failure to provide such notice.
7. In the event of an Adverse Water Condition that the Authority did not anticipate or forecast, the Authority shall have the right in its discretion to implement Unplanned Hydropower Curtailments. The Unplanned Hydropower Curtailments will be implemented on a non-discriminatory basis as to all Authority customers that are served by the Project.
8. The Authority will provide the Customer with notice of Unplanned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond. The Authority will give the Customer notice of any Unplanned Hydropower Curtailments that the Authority believes are likely to exceed forty-eight (48) continuous hours in duration.
9. Notwithstanding the Customer's election pursuant to Section IX.1, the Authority shall provide the Customer with Substitute Energy during Unplanned Hydropower Curtailments.
10. For each kilowatt-hour of Substitute Energy provided by the Authority during a Planned Hydropower Curtailment, the Customer shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless

otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Planned Hydropower Curtailments shall be governed by the provisions of Service Tariff WNY-2 relating to the rendition and payment of bills for Electric Service.

11. The Customer shall be responsible for all costs associated with the Authority's provision of Substitute Energy during Unplanned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Unplanned Hydropower Curtailments shall be governed by the provisions of Service Tariff WNY-2 relating to the rendition and payment of bills for Electric Service.
12. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods.

ARTICLE X

EFFECTIVENESS, TERM AND TERMINATION

1. This Agreement shall become effective and legally binding on the Parties on the Effective Date.
2. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (a) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (b) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-2, or the Rules; or (c) expiration of the Allocation by its own term as specified in Schedule A.
3. The Customer may exercise a partial termination of the Allocation upon at least sixty (60) days' prior written notice to the Authority. The Authority will effectuate the partial termination as soon as practicable after receipt of such notice taking account of the Authority's internal procedures and requirements of the Customer's local electric utility.
4. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-2, or the Rules.

ARTICLE XI

EXTENSIONS OF ALLOCATION; AWARD OF ADDITIONAL ALLOCATIONS

1. The Customer may apply to the Authority for an extension of the term of the Allocation identified in Schedule A:
 - a. during the thirty-six (36) month period immediately preceding the scheduled expiration of the Allocation;

- b. pursuant to any other process that the Authority establishes; or
 - c. with the Authority's written consent.
2. Upon proper application by the Customer, the Authority may in accordance with applicable law and Authority procedures award additional allocations of EP and/or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (a) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (b) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.
3. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for extension of the Allocation or additional allocations and consider the terms and conditions that should be applicable of any extension or additional allocations.

ARTICLE XII

NOTICES

1. Notices, consents, authorizations, approvals, instructions, waivers or other communications provided in this Agreement shall be in writing and transmitted to the Parties as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: ContractDocs@nypa.gov
Facsimile: (914) 390-8156
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Agri-Plastics USA, LLC
2 Steel Workers Way
Lackawanna, NY, 14218
Email: maggie@agri-plasticsgroup.com
Facsimile: N/A
Attention: Maggie Faulkner

2. The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XII.1.
3. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed

properly given: (a) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (b) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (c) if delivered by hand, with written confirmation of receipt; (d) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (e) on the date of transmission if sent by electronic communication to the appropriate address as set forth above, with confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

ARTICLE XIII

SUCCESSORS AND ASSIGNS; RESALE OF HYDROPOWER

1. This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto, provided that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party, which consent shall not be unreasonably withheld or conditioned. Notwithstanding the foregoing sentence, the Authority may require such approvals, and such consents and other agreements from the Customer and other parties, that the Authority determines are necessary in order to effectuate any such assignment.
2. The Customer may not transfer any portion of the Allocation to any other person, or a location different than the Facility, unless: (a) the Authority in its discretion authorizes the transfer Authority; (b) all other requirements applicable to a transfer, including board approvals, are satisfied; and (c) the transfer is effectuated in a form and subject to such terms and conditions approved by the Authority. Any purported transfer that does not comply with the foregoing requirements shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service or terminate the Allocation and/or this Agreement.
3. The Customer may not sell any portion of the Allocation to any other person. Any purported sale shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service, or terminate the Allocation and/or this Agreement.

ARTICLE XIV

MISCELLANEOUS

1. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a) and rulings by the IJC and without regard to conflicts of law provisions.

2. Venue

The Parties: (a) consent to the exclusive jurisdiction and venue of any state court within or

for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement; (b) agree to accept service of process; and (c) will not raise any argument of inconvenient forum.

3. Previous Agreements; Modifications; and Interpretation

- a. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of the Allocation and the subject matter of the Agreement, and supersedes all previous communications and agreements between the Parties, oral or written, with reference to the sale of the Allocation.
- b. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.
- c. No provision shall be construed against a Party on the basis that such Party drafted such provision.

4. Waiver

Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

5. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof. Notwithstanding the preceding sentence, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

ARTICLE XV
EXECUTION

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this

Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement as a PDF or similar file type transmitted via electronic mail, cloud based server, e-signature technology or similar electronic means shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

AGRI-PLASTICS USA, LLC

By: _____

Title: _____

Date: _____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
John R. Koelmel, Chairman

Date: _____

SCHEDULE A
EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: Agri-Plastics USA, LLC				
Type of Allocation	Allocation Amount (kW)	Facility Address	Trustee Approval Date	Allocation Expiration Date
EP	380 kW	2 Steel Workers Way Lackawanna, NY 14218	December 9, 2025	Ten (10) years from the date of commencement of Electric Service

SCHEDULE B
**SUPPLEMENTAL EXPANSION POWER AND/OR REPLACEMENT POWER
COMMITMENTS**

ARTICLE I
SPECIFIC SUPPLEMENTAL COMMITMENTS

1. Employment Commitments

- a. The Customer shall create and maintain the employment level set forth in the Appendix to this Schedule B (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (a) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (b) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.
- b. The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.
- c. The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s discretion.

2. Capital Investment Commitments

The Customer shall make the capital investments specified in the Appendix to this Schedule B.

3. Power Utilization

For each month the Authority provides Electric Service to the Customer, the Customer shall utilize the entire Allocation, as represented by the Billing Demand (as such term is described in Service Tariff No. WNY-2), provided, however, that if only part of the Allocation is being utilized in accordance with Schedule C, the Customer shall utilize such partial amount of the Allocation.

4. Energy Efficiency and Conservation Program

- a. The Customer shall implement an energy efficiency and conservation program at the Facility through either (a) enrollment of the Facility and participation in NYEM in accordance with a NYEM Agreement, or (b) one or more Physical Energy Audits of the Facility, or (c) a combination of such measures, in accordance with the provisions of this Article.
- b. The Authority shall transmit to the Customer a NYEM Agreement and an election form. The Customer shall elect to either (a) enroll the Facility and participate in NYEM for a three-year term (“NYEM Participation”) in accordance with the NYEM Agreement, or (b) perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority’s communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit within three (3) years of the Effective Date of this Agreement, at its own expense.
- c. The Authority shall, on or before the expiration of the three-year term of the NYEM Agreement, transmit to the Customer a NYEM Agreement specifying the terms and conditions that would apply to NYEM participation for a second term, and an election form. The Customer shall elect either (a) NYEM Participation for a second term, or (b) to perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority’s communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit during the calendar year that begins six years after the Effective Date of this Agreement, at its own expense.
- d. The Authority may in its discretion waive the requirement for a Physical Energy Audit, or may agree to a limited energy audit of the Facility, where it determines that the Physical Energy Audit is unnecessary based on the age of the Facility, energy efficiency and conservation improvements made at the Facility, the length of the Allocation, or other considerations the Authority determines to be relevant.

ARTICLE II
RECORDKEEPING, REPORTING AND FACILITY ACCESS

1. Employment

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

2. Capital Investments

The Customer shall comply with the recordkeeping, recording and reporting requirements specified in the Appendix to this Schedule B.

3. Power Usage

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement.

4. Energy Efficiency and Conservation Program

Upon the Authority's request, the Customer shall provide the Authority with (a) a copy of the results of any Physical Energy Audit performed at the Facility (or, at the Authority's option, a report describing the results), performed pursuant to this Article; and (b) a description of any energy efficiency or conservation measures that the Customer has implemented at the Facility in response to any Physical Energy Audit or as a result of NYEM Participation.

5. Facility Access

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer's compliance with the Customer's Supplemental Commitments specified in this Schedule B.

ARTICLE III

COMPLIANCE ACTION BY THE AUTHORITY

1. Employment

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in the Appendix to this Schedule B for the subject calendar year, the Authority may reduce the Contract Demand in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

2. Capital Investment Commitment

The Authority may reduce the Contract Demand as provided in the Appendix to this Schedule B if the Customer does not comply with the Capital Investment Commitment.

3. Power Utilization Level

If the average of the Customer's six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-2) for Expansion Power and/or Replacement Power is less than 90% of the Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to in accordance with the procedures provide in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

4. Additional Compliance Action

In addition to the Authority's other rights and remedies provided in this Agreement, Service Tariff WNY-2 and the Rules, the Authority may suspend Electric Service to the Customer if the Customer does not comply with any of the requirements in Section I.4 or Article II of this Schedule B.

5. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to Sections III.1, III.2, or III.3 of this Schedule B, the Authority shall provide the Customer with at least thirty (30) days prior written notice of the proposed reduction, specifying the amount and reason for the reduction.

Before implementing any reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance, Facility upgrade periods, and the business cycle. If, at the end of the thirty (30) day notice period, the Authority determines that a reduction is warranted, it shall provide the Customer with notice of such determination and provide the Customer with sixty (60) days to present a proposed plan with actionable milestones to cure the deficiency. The Authority shall respond to the Customer concerning the acceptability of any proposed plan that is provided in accordance with this Section III.5 within thirty (30) days of the Authority's receipt of such proposed plan. It shall be within the Authority's discretion whether or not to accept the Customer's proposed plan, require a different plan, or implement the reduction of the Contract Demand.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 26 full-time, permanent employees (“Base Employment Level”) at the Customer’s Facility. The Base Employment Level shall be maintained for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT COMMITMENTS

1. **Annual Capital Investment Commitment** (if applicable, as specified below)
 - a. Each Reporting Year, the rolling average of the annual capital investments made by the Customer at the Facility (“Rolling Average”) shall total not less than N/A (the “Annual Capital Investment Commitment”). For purposes of this provision, “Rolling Average” means the three-year average comprised of (1) the total amount of capital investments (“Annual CI Expenditures”) made by the Customer at the Facility during the current Reporting Year, and (2) the Annual CI Expenditures made by the Customer at the Facility during the two prior Reporting Years.
 - b. Each year, the Customer shall record its Annual CI Expenditures for purposes of enabling the Authority to determine and verify the Rolling Average, which shall be provided to the Authority in a form specified by the Authority on or before the last day of February following the end of the most recent calendar year.
 - c. If the Customer’s Rolling Average as determined by the Authority is less than 90% of its Annual Capital Investment Commitment for the Reporting Year, the Contract Demand may be reduced by the Authority in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the Rolling Average divided by the Annual Capital Investment Commitment. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.
2. **Expansion Project–Capital Investment Commitment** (if applicable, as specified below)
 - a. The Customer shall make a minimum capital investment of \$3,500,000 to construct, furnish and/or expand the Facility (“Expansion Project Capital Investment Commitment”). The Expansion Project Capital Investment Commitment is expected to consist of the following approximate expenditures on the items indicated:

DESCRIPTION	EXPENDITURE
Machinery & Equipment Purchases	\$3,500,000
Total Minimum Expansion Project Capital Investment Commitment:	<u>\$3,500,000</u>

Total Expansion Project Capital Investment Commitment:

- b. The Expansion Project Capital Investment Commitment shall be made, and the Facility shall be completed and fully operational, no later than December 9, 2028 (*i.e.*, within three (3) years of the date of the Authority's award of the Allocation). Upon request of the Customer, such date may be extended in the discretion of the Authority.

SCHEDULE C
TAKEDOWN SCHEDULE

SCHEDULE D
ZERO EMISSION CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. WNY-2, or in the Rules.

“Affected LSEs” has the meaning provided in Section II.2 of this Schedule D.

“CES Order” means the Order issued by the PSC entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“EP and RP Programs ZEC Costs” has the meaning provided in Section II.4.b of this Schedule D.

“Government Action” has the meaning provided in Section II.8 of this Schedule D.

“Load Serving Entity” or “LSE” has the meaning provided in the CES Order.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the EP and RP power programs as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Zero Emission Credit” or “ZEC” has the meaning provided in the CES Order.

“Zero Emission Credit Charge” or “ZEC Charge” means the charge to the Customer established in this Schedule D.

“ZEC Purchase Obligation” has the meaning provided in Section II.2 of this Schedule D.

“ZEC Program Year” has the meaning provided in Section II.2 of this Schedule D.

II. ZEC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules, as of January 1, 2019, the Customer shall be subject to a ZEC Charge as provided in this Schedule D. The ZEC Charge shall be in addition to all other charges, fees and assessments provided for in the Agreement, Service Tariff No. WNY-2 and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the ZEC Charge.
2. As provided in the CES Order, the Public Service Commission, as part of the CES and Tier 3 of the Renewable Energy Standard, imposed an obligation on Load Serving Entities that are subject to the CES Order (“Affected LSEs”) to purchase Zero Emission Credits from NYSERDA in an amount representing the Affected LSE’s proportional share of ZECs calculated on the basis of the amount of electric load the LSE serves in relation to the total electric load served by all Load Serving Entities in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes in the State (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).
3. The ZEC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of supporting the CES and Tier 3 of the RES and implementing the EP and RP power programs in a manner that is consistent with the New York State Energy Plan. The Authority will comply with the CES and Tier 3 of the RES by applying a form of ZEC Purchase Obligation to the end-user load for which the Authority serves as a load serving entity, including the load that the Authority serves under the EP and RP power programs.
4. The ZEC Charge, which is intended to recover from the Customer costs that the Authority incurs for purchasing ZECs in quantities that are attributable to the Customer’s EP and/or RP load served under this Agreement, will be determined and assessed to the Customer as follows:
 - a. The cost of the total ZEC Purchase Obligation for all LSEs in the New York Control Area, including the Authority as a participating load serving entity, will be assessed pursuant to the methodology provided in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA based on the proportion of the forecasted total kilowatt-hours load served by

the Authority (i.e., total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The ZEC Purchase Obligations may be based on initial load forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

- b. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as load serving entity, including the EP and RP load that it serves (the “EP and RP Programs ZEC Costs”). Such allocation will be based on the forecasted kilowatt-hours load of the EP and RP programs to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for each ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of ZEC Purchase Obligations will be allocated to the EP and RP power programs based on the proportion of the actual annual kilowatt-hours load served under such programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
 - c. The Authority will allocate a portion of the EP and RP Programs ZEC Costs to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the EP and/or RP purchased by the Customer to total kilowatt-hours load served by the Authority under the EP and RP power programs (i.e., EP and RP Programs level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation referenced above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the EP and RP power program by the Authority (EP and RP Programs level load). The ZEC Charge assessed to the Customer shall not include any costs resulting from the Authority’s inability to collect a ZEC Charge from any other Authority customer.
5. The Authority may, in its discretion, include the ZEC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the ZEC Charge pursuant to another Authority-established procedure.
6. The Authority may, in its discretion, modify the methodology used for determining the ZEC Charge and the procedures used to implement such ZEC Charge on a nondiscriminatory basis among affected EP and RP customers, upon consideration of such matters as Public Service Commission orders modifying or implementing the CES Order, guidance issued by the New York Department of Public Service, and other information that the Authority reasonably determines to be appropriate to the determination of such methodology. The Authority shall

provide Customer with reasonable notice of any modifications to the methodology or procedures used to determine and implement the ZEC Charge.

7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules.
8. If the ZEC Purchase Obligation is modified or terminated by the Public Service Commission or other controlling governmental authority (collectively, "Government Action"), the Authority shall modify or terminate the ZEC Charge, and assess any additional charges or provide any credits to the Customer, to the extent that the Authority determines such actions to be appropriate based on such Government Action.

SCHEDULE E
MONTHLY RENEWABLE ENERGY CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. WNY-2, or in the Rules.

“Alternative REC Compliance Program” has the meaning provided in Section III.1 of this Schedule E.

“Annual REC Percentage Target” has the meaning provided in Section II.2 of this Schedule E.

“CES Order” means the Order issued by the Public Service Commission entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Clean Energy Standard” or “CES” means the Clean Energy Standard adopted by the State in the CES Order.

“Load Serving Entity” has the meaning provided in the CES Order.

“Mandatory Minimum Percentage Proportion” has the meaning provided in the CES Order.

“Monthly Renewable Energy Credit Charge” or “Monthly REC Charge” means the monthly charge to the Customer established in this Schedule E.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Credit” or “REC” refers to a qualifying renewable energy credit as described in the CES Order.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the EP and RP power programs as authorized in the Power Authority Act.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“REC Compliance Measures” mean: (1) the Authority’s procurement of RECs from NYSERDA in accordance with NYSERDA procedures and/or the CES Order; (2) the Authority’s procurement of RECs from available REC markets; (3) the Authority’s procurement of RECs from sources other than those identified in items (1) and (2) of this definition, including through a procurement process adopted by the Authority; and/or (4) any other measure that the PCS authorizes a Load Serving Entity to implement for the purpose of meeting the applicable Mandatory Minimum Percentage Proportion.

“Total Monthly EP-RP Load” has the meaning provided in Section II.3.b of this Schedule E

“Total Monthly REC Costs” has the meaning provided in Section II.3.b of this Schedule E.

II. MONTHLY REC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules, as of January 1, 2019, the Customer shall be subject to a Monthly REC Charge as provided in this Schedule E. The Monthly REC Charge is in addition to all other charges, fees and assessments provided in the Agreement, Service Tariff No. WNY-2 and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the Monthly REC Charge.
2. The Monthly REC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of complying with the CES and Tier 1 of the RES and implementing the EP and RP power programs in a manner that is consistent with the New York State Energy Plan, pursuant to which the Authority will invest in new renewable generation resources to serve its EP and RP customers. Such investments will be made through the procurement of RECs through REC Compliance Measures in quantities that are intended to address the annual Mandatory Minimum Percentage Proportions as applied by the Authority to the total EP and RP load that the Authority will serve each calendar year (the “Annual REC Percentage Target”) for the purpose of ultimately meeting the RES.
3. The Monthly REC Charge, which is intended to recover from the Customer costs that the Authority incurs for implementing REC Compliance Measures that are attributable to the Customer’s EP and/or RP load served under this Agreement, will be determined and assessed to the Customer as follows:

- a. The Authority shall have the right, for each calendar year to implement such REC Compliance Measures as it determines in its discretion to be appropriate for the purpose of meeting the Annual REC Percentage Target for the total EP and RP load that it will serve during such calendar year.
 - b. The Authority will, for each month of each calendar year, calculate the total costs ("Total Monthly REC Costs") that the Authority has incurred or estimates that it will incur from implementing RES Compliance Measures for the purpose of meeting the Annual REC Percentage Target for the total EP and RP kilowatt-hour load for the month ("Total Monthly EP-RP Load"). The Total Monthly REC Costs may be calculated based on forecasts of the Total Monthly EP-RP Load that the Authority expects to serve for the month, or on a lagged basis based on the actual Total Monthly EP-RP Load that the Authority served for the month.
 - c. Each month, the Authority will assess to the Customer, as a Monthly REC Charge, which will represent the Customer's share of the Total Monthly REC Costs assessed to the Total Monthly EP-RP Load. The Monthly REC Charge will be assessed as the proportion of the Customer's total kilowatt-hours load served by the Authority for such month to the Total Monthly EP-RP Load served by the Authority for such month, provided, however, that:
 - i. the Monthly REC Charge to the Customer shall not include any costs associated with the Authority's inability to collect the Monthly REC Charge from other Authority customers; and
 - ii. the effective per-MWh rate of the Monthly REC Charge to the Customer averaged over the REC Program Year to which the Annual REC Percentage Target applies shall not exceed the per-MWh rate of a Monthly REC Charge based on NYSERDA's published REC price for the REC Program Year.
4. The Authority may, in its discretion, include the Monthly REC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the Monthly REC Charge pursuant to another Authority-established procedure.
5. The Authority will, at the conclusion of each calendar year in which it assesses a Monthly REC Charge, conduct a reconciliation process based on the actual costs that it incurred for REC Compliance Measures and actual load served for the year, compared with cost or load estimates or forecasts, if any, that the Authority used to calculate the Customer's Monthly REC Charges during the year. The Authority will issue a credit, or an adjusted final charge for the year, as appropriate, based on the results of such reconciliation process. Any such final charge shall be payable within the time frame applicable to the Authority's bills

for Electric Service under this Agreement or pursuant to any other procedure established by the Authority pursuant to Section II.4 of this Schedule E.

6. Notwithstanding the provisions of Section II.3 of this Schedule E, if Electric Service for the Allocation is commenced after the Authority has implemented REC Compliance Measures for the year in which such Electric Service is commenced, and as a result the Customer's load cannot be accounted for in such REC Compliance Measures, the Authority may in its discretion implement separate REC Compliance Measures in order to meet the Annual REC Percentage Target for Customer's load for the year, and bill the Customer for the costs associated with such separate REC Compliance Measures.
7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. WNY-2 or the Rules.

III. ALTERNATIVE REC COMPLIANCE PROGRAM

1. Nothing in this Schedule E shall be construed as preventing the Parties from entering into other agreements for an alternative arrangement for the Authority to meet the Annual REC Percentage Target with respect to the Customer's Allocation, including but not limited to Customer self-supply of RECs, alternative REC compliance programs and cost allocation mechanisms, in lieu of the Monthly REC Charge provided in this Schedule E (collectively, "Alternative REC Compliance Program").
2. The Authority shall communicate at least biennially with the Customer concerning implementation of the RES Compliance Program and potential Alternative REC Compliance Programs, if any, that the Authority is offering or expects to offer.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Annual Compliance Review – Expansion Power, Replacement Power, and Preservation Power Hydropower Programs

SUMMARY

New York Power Authority (“NYPA” or “Authority”) staff (“Staff”) has completed its annual compliance review of customers receiving power allocations under the Expansion Power (“EP”), Replacement Power (“RP”), and Preservation Power (“PP”) Hydropower Programs. The review included customers with facilities in Western New York that receive Hydropower under the EP and RP Programs, and customers with facilities in Northern New York that receive Hydropower under the PP Program.

The review covered the reporting period of January 1, 2024 through December 31, 2024 (“Reporting Period”). The compliance review examined EP, RP, and PP customer contract compliance in three areas: (1) job creation and retention; (2) capital investment; and (3) power utilization (collectively, “Supplemental Commitments”).

The purpose of this memorandum is to provide the results of the compliance review for this Reporting Period, and request that the New York Power Authority Board of Trustees (“Board of Trustees”) approve the compliance actions recommended in this Memorandum.¹

BACKGROUND

Staff performs an annual review of all in-service EP, RP, and PP Hydropower allocation contracts for compliance with their Supplemental Commitments. In or around 2013, most EP and RP allocations began service under new contracts that were negotiated and approved by the Trustees in 2010 and that incorporated the Supplemental Commitments. In October 2018, the Trustees approved allocation extensions for most existing Hydropower customers and associated allocations. The extended allocations are being delivered under a new contract and tariff as authorized by the Trustees. The new contract was effective for most customers as of January 1, 2019.

To facilitate compliance review and contract enforcement, nearly all Hydropower contracts require customers to report information on their Supplemental Commitments. Customers are required to submit pertinent information no later than February 28 of each year for the prior 12-month Reporting Period, covering the period from January through December.

As more specifically detailed in the Hydropower contracts, if a customer’s report or other information indicates that any of its Supplemental Commitments for the Reporting Period falls below a compliance rate of 90%, the Authority may take compliance action against the customer, which may include reducing the customer’s power allocation, typically on a pro rata basis. Pro rata reductions in allocations and contract demands are rounded up to the nearest 50 kilowatts.

¹ This memorandum incorporates the spreadsheet Annual Compliance Review - EP, RP, and PP Hydropower Programs (Exhibits A-C) which contains information on Staff’s analysis and recommendations.

Customers are given the opportunity to provide an explanation for a compliance shortfall during the Reporting Period. Accordingly, Staff's analysis and the recommendations contained herein do not represent a purely "black and white" analysis. Rather, Staff has taken a broader approach that includes, where reasonable, appropriate consideration of individual or special circumstances affecting customers.

NYPA Hydropower is a limited and valuable commodity. A customer's failure to use its allocation can result in unused Hydropower being unavailable for sale to other businesses that are willing to make job, capital investment and other commitments in exchange for a Hydropower allocation.

DISCUSSION

1. Compliance Review Approach

Although the Authority has the right to enforce a customer's compliance with Supplemental Commitments at a 100% level, it has discretion to enforce Supplemental Commitments at a discounted performance level and has done so in the past. For the Reporting Period being reviewed, Staff used a 90% compliance threshold to assess Supplemental Commitment compliance. This approach serves to support the businesses and organizations in the State that are nearly complying with their Supplemental Commitments and reduces compliance work for *de minimis* violations that are often temporary.

If a customer's Compliance Report or an Authority audit indicates that a customer's (i) annual average monthly employment for the Reporting Period is below 90% of the customer's job retention commitment, (ii) its reported average monthly kW utilization is below 90% of the accepted allocation amount for the highest six months, or (iii) its capital investment spending is below 90% of the customer's capital investment commitment, the Authority may take the following actions depending upon the customer's circumstances: (1) reduction of the customer's allocation, with an adjustment to the relevant Supplement Commitment(s); (2) an adjustment to Supplemental Commitments with no reduction to the customer's allocation; and (3) no allocation reduction or Supplemental Commitment adjustment, in which case Staff may monitor the customer's compliance.

In cases where Staff recommends adjustments to a Supplemental Commitment, this approach often yields a more realistic commitment, as it may more accurately reflect a customer's ability to retain jobs or make capital investments after the customer's allocation has been in service.

This approach also minimizes the chances that such customers, particularly customers who have been subject to compliance action in previous years, will be subject to compliance action in the near future. As the businesses in the EP, RP, and PP Hydropower programs continue to emerge from the impacts of the COVID-19 global pandemic and other challenges like inflation, the Authority is recognizing the need to adjust commitments, where appropriate, to achievable levels for customers that are unable to sustain job commitments or capital investments. In some cases where customers are non-compliant in capital investment commitments, NYPA will allow additional time and may work with the customers to address the issue in future compliance periods.

2. Compliance Results

Staff has completed its annual compliance review of all in-service EP, RP, and PP Hydropower allocation contracts for compliance with the Supplemental Commitments for the Reporting Period. A total of 113 customers received at least one year of EP, RP, and PP Hydropower ("Reviewable Customers") during the Reporting Period (January 1, 2024 through December 31, 2024). All 113 customers filed a Compliance Report.

Reviewable Customers are associated with EP, RP, and PP Hydropower allocations totaling 641 MWs, existing employment commitments totaling 29,021 jobs, and capital investment commitments totaling \$134,275,814. In aggregate, these customers reported actual employment of 37,270 jobs and \$554,736,616 in capital spending. These numbers represent 128% of the total job commitments for all EP, RP, and PP

Hydropower customers reporting for the full year, and 413% of total capital investment commitments. From a cumulative perspective, the EP, RP, and PP programs are performing above contracted commitments for jobs and capital investments.

For this Reporting Period, 37 EP and RP Hydropower customers did not meet the 90% compliance threshold for one or more of their Supplemental Commitments. Some customers were non-compliant in multiple areas, as detailed in the accompanying Exhibits.

Twenty-one customers were not compliant with their Supplemental Commitment for jobs. These customers are identified in Exhibit A.

Five customers were non-compliant with their Supplement Commitment for capital investments. These customers are identified in Exhibit B.

Seventeen customers were non-compliant with their Supplemental Commitment for power utilization. These customers are identified in Exhibit C.

3. Compliance Recommendations

a) Non-Compliance with Supplemental Commitment for **Job Creation/Retention**

Twenty-one EP and RP customers were found to be below a 90% compliance rate for this Supplemental Commitment.

Staff recommends that the Trustees authorize reductions to the allocation amounts and/or supplemental job commitment adjustments for 11 customers identified in Exhibit A that fell below a 90% compliance rate for their job retention commitments, based on the job levels reported by such customers.

Staff is not recommending compliance action for the remaining 10 customers identified in Exhibit A that fell below a 90% compliance rate. Staff has reviewed each customer's circumstances and determined that compliance action is not warranted for these customers at this time for the following reasons:

- Eight customers will be reassessed in the next compliance Reporting Period.
 - Two customers have requested that their allocations be consolidated into a campus setting configuration.
 - Two customers have recently submitted supplemental information on their current employment levels for the six months after the Reporting Period (January 2025 to June 2025), which indicates that employment levels have trended upward. If these levels are sustained, the customers would be at or above a 90% compliance rate for their current allocations.
 - One customer has shifted its operations, requiring new talent. Staff recommends allowing the customer additional time to meet its contractual job commitment.
 - One customer has reported that its employment shortfall is due to a lack of applicants for open positions.
 - One customer has reported that the thermal transfer ribbon industry has experienced only a moderate recovery from weaker global volumes, impacting employment levels.
 - One customer was acquired by another company, resulting in a focus on overtime for current employees rather than hiring additional staff.
- One customer has reported that its facility will be shutting down on or around October 2025.
- One customer is planning to shut down its facility and is considering submitting a request to transfer its allocation to another entity.

b) Non-Compliance with Supplemental Commitment for **Capital Investment**

Five EP and RP customers were found to be below a 90% compliance rate for this Supplemental Commitment. Staff is not recommending compliance adjustments at this time for the reasons identified in Exhibit B and specified below:

- Four customers will be reassessed in the next compliance Reporting Period.
 - Two customers had planned capital investments that did not materialize as originally planned during this year's Reporting Period. Staff recommends allowing the customers additional time to meet their commitment levels.
 - One customer has recently submitted supplemental information on its current capital spending levels for the six months after the Reporting Period (January 2025 to June 2025), which indicates that capital investment levels have trended upward with additional purchases planned through the remainder of the year.
 - One customer has been approved for a campus modification to consolidate its allocations at the September 2025 Trustees meeting.
- One customer ceased operations at the facility, resulting in the termination of its allocation as of July 1, 2025.

c) Non-Compliance with Supplemental Commitment for **Power Utilization**

A total of 17 EP and RP customers were found to be below a 90% compliance rate for this Supplemental Commitment.

Staff recommends that the Trustees authorize reductions to the allocation amounts and/or supplemental job commitment adjustments for the three customers identified in Exhibit C that fell below a 90% compliance rate for their power usage commitments, based on the job levels reported by such customers.

Staff is not recommending compliance action for the remaining 14 customers listed in Exhibit C, for the following reasons:

- 11 customers will be reassessed in the next compliance Reporting Period for the reasons described in Exhibit "C". In these cases, Staff recommends allowing the customers additional time to meet their contractual commitment levels, based on the information provided by each of the customers that show plans for future power utilization increases.
 - Four customers reported temporary reductions in power utilization and are anticipated to meet their power utilization commitments in the future.
 - Two customers requested that their allocations be consolidated into a campus setting configuration.
 - One customer reported a shortfall in power utilization due to challenges in the aerospace industry.
 - One customer reported a shortfall in power utilization caused by a lack of applicants for open positions.
 - One customer relinquished a portion of its allocation and is anticipated to meet its power utilization commitment in the future.
 - One customer reported a shortfall in power utilization for the first time. Staff will reassess the customer in the next Reporting Period.
 - One customer is anticipating significant power utilization increases moving forward as a result of growth in key manufacturing sectors.
- One customer experienced additional usage based on current NYPA data, rendering them at or above a 90% compliance rate.
- One customer ceased operations at the facility, resulting in the termination of its allocation as of July 1, 2025.
- One customer has opted out of the Hydropower program.

FISCAL INFORMATION

The actions recommended herein will not have a negative impact on the NYPA's finances.

RECOMMENDATION

The Senior Vice President, Customer Solutions requests that the Trustees approve the following:

- 1) Reductions in EP and RP allocations and/or adjustments to Supplemental Commitments, in the amounts indicated, for the 11 customers identified in Exhibit A for non-compliance with Supplemental Commitments for job creation/retention, and no compliance action for the remaining 10 customers identified in Exhibit A, for the reasons described in this Memorandum and Exhibit A;
- 2) No reductions in EP and RP allocations and/or adjustments to Supplemental Commitments for the five customers indicated in Exhibit B for non-compliance with Supplemental Commitments for capital investment, for the reasons described in this Memorandum and Exhibit B; and
- 3) Reductions in EP and RP allocations and/or adjustments to Supplemental Commitments, in the amounts indicated, for the three customers identified in Exhibit C, for non-compliance with Supplemental Commitments for power utilization, and no compliance action for the remaining 14 customers identified in Exhibit C, for the reasons described in this Memorandum and Exhibit C.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That the Board of Trustees hereby accepts the recommendations regarding compliance review for the Expansion Power (“EP”), Replacement Power (“RP”), and Preservation Power (“PP”) Hydropower Programs for the compliance period of January 1, 2024 through December 31, 2024; and be it further

RESOLVED, That the Board of Trustees hereby approves (1) the reduction of the EP and RP Hydropower allocations and/or supplemental job commitment adjustments for the 11 customers identified in the Memorandum, pertaining to non-compliance with Supplemental Commitments for jobs, and (2) authorizes no compliance action for the remaining 10 customers identified in the Memorandum, based on the information and recommendations therein; and be it further

RESOLVED, That the Board of Trustees hereby authorizes no adjustments to the EP and RP Hydropower allocations and/or supplemental capital investment commitments for the five customers identified in the Memorandum, pertaining to non-compliance with Supplemental Commitments for capital investment, based on the information and recommendations in the Memorandum; and be it further

RESOLVED, That the Board of Trustees hereby approves (1) the reduction of the EP and RP Hydropower allocations and/or supplemental job commitment adjustments for the three customers identified in the Memorandum, pertaining to non-compliance with Supplemental Commitments for power utilization, and (2) authorizes no compliance action for the remaining 14 customers identified in the Memorandum, based on the information and recommendations therein; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions, and execute and deliver any and all agreements, certificates and other documents to

effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

RECOMMENDATIONS FOR COMPLIANCE ACTION FOR EXPANSION POWER AND REPLACEMENT POWER

Total Reductions (Exhibit A)	630	109	N/A

Exhibit A: NONCOMPLIANCE WITH JOB COMMITMENTS; RECOMMENDED (1) REDUCTIONS IN ALLOCATIONS/CONTRACT DEMANDS, AND (2) ADJUSTMENTS TO JOB COMMITMENTS

RECOMMENDATIONS FOR NO COMPLIANCE ACTION AT THIS TIME FOR EXPANSION POWER AND REPLACEMENT POWER

Line	Customer	Contract Demand (kW)	Employment Commitment	Jobs Reported	Job Compliance %	Usage Achieved	Annual Capital Investment Commitment	Annual Capital Investment Reported	Capital Investment % Achieved	Revised Allocations/Commitments			Reductions			Physical Address	City	State	Zip Code	County	Region	Background	Recommendation
										(kW)	Jobs	Capital Investment	(kW)	Jobs	Capital Investment								
12	Cascades Holding US Inc.	1,600	123	109	89%	100%	\$ 1,302,040	\$ 3,760,973	289%	N/A	N/A	N/A	N/A	N/A	N/A	4001 Packard Rd	Niagara Falls	NY	14303	Niagara	Western New York	Cascades Holding US Inc. (Niagara Falls) manufactures paper products. The company reported that it decommissioned one of its paper machines, which reduced the number of employees needed. Additionally, the company plans to shut down this facility in 2025 and is considering requesting a transfer of power to GreenPac Mill, LLC.	Staff recommends that the Trustees take no compliance action at this time.
13	Hendrickson Medina Facility, LLC	4,400	310	235	76%	71%	\$ 1,640,858	\$ 2,128,172	130%	N/A	N/A	N/A	N/A	N/A	N/A	3959 Bates Rd	Medina	NY	14103	Orleans	Finger Lakes	Hendrickson Medina Facility, LLC produces components for airbrake systems. The company reported a shortfall in both employment and power utilization. On December 12, 2023, the NYPA Board of Trustees authorized the transfer of power from Brunner, Inc. to Hendrickson Medina Facility, LLC. The employment shortfall is due to an insufficient number of applicants, and power usage has dropped below the compliance threshold because the lack of manpower has prevented operations from running at full capacity. Staff will monitor the company's usage and reassess compliance during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.
14	Ingram Micro, Inc.	1,030	1,600	1,298	81%	87%	\$ 71,433	\$ 508,498	712%	N/A	N/A	N/A	N/A	N/A	N/A	1759 Wehrle Dr	Williamsville	NY	14221	Erie	Western New York	Ingram Micro, Inc. has shifted from product distribution to a services and AI platform company, requiring more strategic selling and technical skills. They are recruiting new talent and upskilling current employees from administrative roles to solution sellers and technical specialists. This transition has made it difficult to meet previous headcount targets. The company also reported a shortfall in power utilization; however, it returned a 130 kW allocation in 2024 and are utilizing power at the compliance threshold.	Staff recommends that the Trustees take no compliance action at this time.
15	International Imaging Materials, Inc.	2,560	309	247	80%	96%	\$ 1,217,581	\$ 4,822,737	396%	N/A	N/A	N/A	N/A	N/A	N/A	310 Commerce Dr	Amherst	NY	14228	Erie	Western New York	International Imaging Materials, Inc. manufactures thermal transfer ribbons. The company's base employment level was adjusted effective February 1, 2025, with a reduction in contract demand as a result of the 2023 Western New York Compliance period, decreasing from 358 to 309 employees. The company reported that the industry has experienced a moderate recovery from weaker global volumes, which had impacted employment levels at its Amherst facility. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.
16	MOD-PAC Corp.	400	347	309	89%	100%	\$ 2,000,000	\$ 7,707,112	385%	N/A	N/A	N/A	N/A	N/A	N/A	1801 Elmwood Ave	Buffalo	NY	14207	Erie	Western New York	MOD-PAC Corp. manufactures carton containers. The company provided job counts for the period from January 2025 through June 2025, indicating an increase in employment levels to 311 jobs or 90%. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.
17	Nuttall Gear Company	350	81	66	81%	100%	\$ 85,295	\$ 745,741	874%	N/A	N/A	N/A	N/A	N/A	N/A	2221 Niagara Falls Blvd	Niagara Falls	NY	14304	Niagara	Western New York	Nuttall Gear Company manufactures enclosed gear devices. The company notified NYPA that it will be closing down its facility in Niagara Falls on or around October 2025.	Staff recommends that the Trustees take no compliance action at this time.
18	Sotek Inc./Belrix Industries, Inc.	100	71	63	89%	100%	\$ 330,145	\$ 187,324	57%	N/A	N/A	N/A	N/A	N/A	N/A	3590 Jeffrey Blvd	Buffalo	NY	14219	Erie	Western New York	Sotek Inc./Belrix Industries, Inc., a manufacturer of precision metal stampings, reported a shortfall in both employment and capital investment commitments. The company provided job counts for the period from January 2025 through June 2025, indicating an increase in employment levels to 70 employees, or 99%. The company did not provide a reason for the shortfall in the capital investment commitment. Staff is currently reviewing the employment levels and capital investment commitment with the company and will reassess compliance actions during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.
19	Unifrax I LLC	6,205	301	267	89%	88%	\$ 340,333	\$ 932,759	274%	N/A	N/A	N/A	N/A	N/A	N/A	360 Fire Tower Dr	Tonawanda	NY	14150	Erie	Western New York	Unifrax I LLC produces ceramic fiber products. A recommendation was approved by the NYPA Board of Trustees on September 23, 2025, allowing the company to consolidate its allocations and related commitments within a campus-style setup. Staff will monitor the company's employment and power utilization and will reassess compliance during the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.
20	Wieland Rolled Products North America Buffalo, Inc. (formerly Aurubis Buffalo, Inc.)	15,560	617	531	86%	100%	\$ 4,000,000	\$ 7,669,653	192%	N/A	N/A	N/A	N/A	N/A	N/A	70 Sayre St	Buffalo	NY	14207	Erie	Western New York	Wieland Rolled Products North America Buffalo, Inc. acquired the facility from Aurubis Buffalo, Inc. on August 30, 2024. The company reported that in the months preceding the acquisition, employment declined due to a decrease in sales volume and preparation for the sale. However, sales have increased. During this period, the company relied on overtime rather than hiring additional employees. Staff will monitor the company's employment and reassess compliance during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.

Exhibit A: NONCOMPLIANCE WITH JOB COMMITMENTS; RECOMMENDED (1) REDUCTIONS IN ALLOCATIONS/CONTRACT DEMANDS, AND (2) ADJUSTMENTS TO JOB COMMITMENTS																							
21	Yahoo Holdings, Inc. (formerly Oath Holdings, Inc.)	6,000	116	78	67%	94%	\$ 100,000	\$ 6,645,539	6646%	N/A	N/A	N/A	N/A	N/A	N/A	5365 Crown Dr	Lockport	NY	14094	Niagara	Western New York	Yahoo Holdings, Inc. (formerly Oath Holdings, Inc.) operates a data center. At the March 25, 2025 NYPA Board of Trustees meeting, a modification was approved allowing the company to consolidate its allocations and associated commitments into a campus-style configuration. As part of this modification, the company returned 7,000 kW. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.
Total Reductions (Exhibit A)											N/A	N/A	N/A										

1. The recommended reductions for this applicant are removed from the total as they are being counted in the power utilization noncompliance category (Exhibit C).

Exhibit B: NONCOMPLIANCE WITH CAPITAL INVESTMENT COMMITMENTS; RECOMMENDED FOR NO COMPLIANCE ACTION AT THIS TIME FOR EXPANSION POWER AND REPLACEMENT POWER

									Revised Allocations/Commitments			Reductions									Background	Recommendation
Line	Customer	Contract Demand (kW)	Employment Commitment	Jobs Reported	Job Compliance %	Annual Capital Investment Commitment	Annual Capital Investment Reported	Capital Investment % Achieved	(kW)	Jobs	Capital Investment	(kW)	Jobs	Capital Investment	Physical Address	City	State	Zip Code	County	Region		
1	DKP Buffalo, LLC	750	57	51	90%	\$ 350,000	\$ 163,817	47%	N/A	N/A	N/A	N/A	N/A	N/A	175 Enslinger Rd	Tonawanda	NY	14150	Erie	Western New York	DKP Buffalo, LLC, a manufacturer of steel blanks for stamping auto body parts, discontinued production in November 2024. The facility in Tonawanda will be permanently closed. The allocation was terminated at the utility, effective July 1, 2025.	Staff recommends that the Trustees take no compliance action at this time.
2	Moldtech, Inc.	100	65	104	160%	\$ 326,733	\$ 182,157	56%	N/A	N/A	N/A	N/A	N/A	N/A	1900 Commerce Pkwy	Lancaster	NY	14086	Erie	Western New York	Moldtech, Inc. produces injection molded rubber products. The company's planned capital investment did not materialize during this year's reporting period. Staff will monitor the company's capital investments and reassess compliance during the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.
3	Pride Pak Canada Ltd.	500	51	59	116%	\$ 453,214	\$ 348,304	77%	N/A	N/A	N/A	N/A	N/A	N/A	11531 Maple Ridge Rd	Medina	NY	14103	Orleans	Finger Lakes	Pride Pak Canada Ltd. is a fresh fruit and vegetable processor. The company reported additional capital spending of \$142,720 for the period of January 2025 through June 2025. Staff is currently monitoring the company's capital investments and will reassess compliance during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.
4	Sotek Inc./Belrix Industries, Inc.	100	71	63	89%	\$ 330,145	\$ 187,324	57%	N/A	N/A	N/A	N/A	N/A	N/A	3590 Jeffrey Blvd	Buffalo	NY	14219	Erie	Western New York	Sotek Inc./Belrix Industries, Inc., a manufacturer of precision metal stampings, reported a shortfall in both employment and capital investment commitments. The company provided job counts for the period of January 2025 through June 2025, indicating an increase in employment levels to 70 employees, or 99% of the required level. The company did not provide a reason for the capital investment shortfall. Staff is currently reviewing the company's employment levels and capital investment commitment and will reassess compliance actions during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.
5	Unifrax I LLC	1,000	95	151	159%	\$ 32,667	\$ -	0%	N/A	N/A	N/A	N/A	N/A	N/A	2054 Cory Dr	Sanborn	NY	14132	Niagara	Western New York	Unifrax I LLC produces ceramic fiber products. A recommendation was approved by the NYPA Board of Trustees on September 23, 2025, to allow the company to consolidate its allocations and related commitments within a campus-style setup. Staff will continue to monitor the company's employment and reassess compliance during the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.

Exhibit C: NON-COMPLIANCE WITH POWER UTILIZATION COMMITMENTS; RECOMMENDED (1) REDUCTION IN ALLOCATION /CONTRACT DEMAND, AND (2) ADJUSTMENTS TO JOB COMMITMENTS FOR EXPANSION POWER AND REPLACEMENT POWER

RECOMMENDATIONS FOR COMPLIANCE ACTION FOR EXPANSION POWER AND REPLACEMENT POWER

Line	Customer	Contract Demand (kW)	Employment Commitment	Jobs Reported	Job Compliance %	Usage Reported	Usage Compliance %	Revised Allocations/Commitments			Reductions			Physical Address	City	State	Zip Code	County	Region	Background	Recommendation
								(kW)	Jobs	Capital Investment	(kW)	Jobs	Capital Investment								
1	Citigroup Technology, Inc.	750	480	2,231	465%	512	68%	590	374	N/A	160	106	N/A	580 Crosspoint Pkwy	Getzville	NY	14068	Erie	Western New York	Citigroup, Inc. offers banking and financial services. Based on an analysis of recent NYPA billing data, the company remains below the threshold for power utilization. This marks Citigroup's second consecutive year reporting below the threshold in power utilization.	Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 590 kW, and authorize an adjustment of the job commitment to not less than 374 jobs.
2	Maclean Curtis, LLC	1,600	138	141	102%	1,429	89%	1,590	137	N/A	10	1	N/A	50 Thielman Dr	Buffalo	NY	14206	Erie	Western New York	Maclean Curtis, LLC manufactures precision machined parts. The company reported that its usage shortfall is due to the volatility in the auto industry. This is the company's fourth consecutive year reporting below the threshold for power utilization.	Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,590 kW, and authorize an adjustment of the job commitment to not less than 137 jobs.
3	Wells Enterprises, Inc.	4,100	504	374	74%	3,592	88%	4,020	374	N/A	80	130	N/A	1 Ice Cream Dr	Dunkirk	NY	14048	Chautauqua	Western New York	Wells Enterprises, Inc., a manufacturer of ice cream and frozen dessert products, reported a shortfall in both jobs and power utilization. The company's base employment level was adjusted from 546 to 504, effective September 1, 2024, as a result of the 2023 Western New York compliance period. Power usage has been decreasing year over year, and this marks the second time in three reporting periods that usage has fallen below the compliance threshold.	Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,020 kW, and authorize an adjustment of the job commitment to not less than 374 jobs.
								Total Reductions (Exhibit C)			250	237	N/A								

RECOMMENDATIONS FOR NO COMPLIANCE ACTION AT THIS TIME FOR EXPANSION POWER AND REPLACEMENT POWER

Line	Customer	Contract Demand (kW)	Employment Commitment	Jobs Reported	Job Compliance %	Usage Reported	Usage Compliance %	Revised Allocations/Commitments			Reductions			Physical Address	City	State	Zip Code	County	Region	Background	Recommendation
								(kW)	Jobs	Capital Investment	(kW)	Jobs	Capital Investment								
4	Barrette Outdoor Living, Inc	1,540	86	112	130%	1,161	75%	N/A	N/A	N/A	N/A	N/A	N/A	231 Ship Canal Pkwy	Buffalo	NY	14218	Erie	Western New York	Barrette Outdoor Living, Inc., which manufactures fences, decking, and railings, informed NYPA that they will no longer be manufacturing at this site and will therefore be opting out of NYPA's Expansion Power Program.	Staff recommends that the Trustees take no compliance action at this time.
5	DKP Buffalo, LLC	750	57	51	90%	529	71%	N/A	N/A	N/A	N/A	N/A	N/A	175 Ensinger Rd	Tonawanda	NY	14150	Erie	Western New York	DKP Buffalo, LLC, a manufacturer of steel blanks for stamping various auto body parts, discontinued production as of November 2024, and its facility in Tonawanda will be permanently closed. The allocation was terminated at the utility, effective July 1, 2025.	Staff recommends that the Trustees take no compliance action at this time.
6	Dunkirk Specialty Steel, LLC	5,250	146	242	166%	3,435	65%	N/A	N/A	N/A	N/A	N/A	N/A	830 Brigham Rd	Dunkirk	NY	14048	Chautauqua	Western New York	Dunkirk Specialty Steel, LLC manufactures stainless and specialty steel products. The company attributed the shortfall in usage to challenges in the aerospace industry and Boeing's machinist strike. The company anticipates that the downturn will be temporary and expects to return to more standard levels by the end of 2025. Staff will monitor the company's usage and reassess compliance during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.
7	GM Components Holdings LLC	17,950	701	1,651	236%	15,291	85%	N/A	N/A	N/A	N/A	N/A	N/A	200 Upper Mountain Rd	Lockport	NY	14094	Niagara	Western New York	GM Components Holdings LLC, manufactures automotive HVAC and electric vehicle components. Based on current NYPA data, the company's usage has increased above the compliance threshold.	Staff recommends that the Trustees take no compliance action at this time.
8	Hendrickson Medina Facility, LLC	4,400	310	235	76%	3,126	71%	N/A	N/A	N/A	N/A	N/A	N/A	3959 Bates Rd	Medina	NY	14103	Orleans	Finger Lakes	Hendrickson Medina Facility, LLC produces components for airbrake systems. The company reported a shortfall in both employment and power utilization. On December 12, 2023, the NYPA Board of Trustees authorized the transfer of power from Brunner, Inc. to Hendrickson Medina Facility, LLC. The employment shortfall is due to an insufficient number of applicants, and power usage has dropped below the compliance threshold because the lack of manpower has prevented operations from running at full capacity. Staff will monitor the company's usage and reassess compliance during the next reporting period.	Staff recommends that the Trustees take no compliance action at this time.

Exhibit C: NON-COMPLIANCE WITH POWER UTILIZATION COMMITMENTS; RECOMMENDED (1) REDUCTION IN ALLOCATION /CONTRACT DEMAND, AND (2) ADJUSTMENTS TO JOB COMMITMENTS FOR EXPANSION POWER AND REPLACEMENT POWER

RECOMMENDATIONS FOR NO COMPLIANCE ACTION AT THIS TIME FOR EXPANSION POWER AND REPLACEMENT POWER (continued)

								Revised Allocations/Commitments			Reductions										Background	Recommendation
Line	Customer	Contract Demand (kW)	Employment Commitment	Jobs Reported	Job Compliance %	Usage Reported	Usage Compliance %	(kW)	Jobs	Capital Investment	(kW)	Jobs	Capital Investment	Physical Address	City	State	Zip Code	County	Region			
9	Ingram Micro, Inc.	1,030	1,600	1,298	81%	888	86%	N/A	N/A	N/A	N/A	N/A	N/A	1759 Wehrle Dr	Williamsville	NY	14221	Erie	Western New York	Ingram Micro, Inc. has shifted from product distribution to a services and AI platform company, requiring more strategic selling and technical skills. The company is recruiting new talent and upskilling existing employees from administrative roles to solution sellers and technical specialists. This transition has made it difficult to meet previous headcounts. The company also reported a shortfall in power utilization; however, it returned a 130 kW allocation in 2024 and is utilizing power at the compliance threshold.	Staff recommends that the Trustees take no compliance action at this time.	
10	Linde, Inc.	4,650	1,113	1,117	100%	4,109	88%	N/A	N/A	N/A	N/A	N/A	N/A	175 E Park Dr	Tonawanda	NY	14150	Erie	Western New York	Linde, Inc. produces industrial gases. The company reported that the shortfall in usage was due to a temporary reduction of power, influenced by warmer weather and decreased demand from its usual operations. Staff will monitor the company's usage and reassess compliance during the following reporting	Staff recommends that the Trustees take no compliance action at this time.	
11	Niacet Corporation	2,400	92	113	123%	2,024	84%	N/A	N/A	N/A	N/A	N/A	N/A	400 47th St	Niagara Falls	NY	14304	Niagara	Western New York	Niacet Corporation is a manufacturer of chemical products. This is the company's first time reporting below the threshold for power utilization. Staff will monitor the company's usage and reassess compliance during the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	
12	Niagara Coatings Services, Inc.	300	28	42	150%	180	60%	N/A	N/A	N/A	N/A	N/A	N/A	8025 Quarry Rd	Niagara Falls	NY	14304	Niagara	Western New York	At its July 30, 2024 meeting, the NYPA Board of Trustees meeting approved a modification for Niagara Coatings Services, Inc., allowing the company to assign a portion of its total allocation to an additional site. Due to delays in the enrollment process, a portion of the contract demand was not enrolled at the utility's new facility until August 2025. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	
13	Pyrotek, Inc.	1,250	25	34	136%	1,102	88%	N/A	N/A	N/A	N/A	N/A	N/A	2050 Cory Dr	Sanborn	NY	14132	Niagara	Western New York	Pyrotek, Inc. is a specialty graphite business. The company stated that the shortfall in usage is due to production equipment being temporarily shut down to accommodate the installation of a new line. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	
14	Saint-Gobain Advanced Structural Ceramics	4,500	114	119	104%	3,976	88%	N/A	N/A	N/A	N/A	N/A	N/A	23 Acheson Dr	Niagara Falls	NY	14303	Niagara	Western New York	Saint-Gobain Advanced Structural Ceramics produces boron nitride powder and solids. The customer reported that the shortfall in usage was due to a temporary decrease in sales, resulting in lower utilization. The reduction is expected to be relatively short, with usage anticipated to return to standard levels by the end of 2025. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	
15	TAM Ceramics Group of NY, LLC	6,100	71	70	99%	5,071	83%	N/A	N/A	N/A	N/A	N/A	N/A	4511 Hyde Park Blvd	Niagara Falls	NY	14305	Niagara	Western New York	TAM Ceramics Group of NY, LLC manufactures primary metal. This is the company's second consecutive year reporting below the threshold for power utilization, with usage decreasing year over year. The company is anticipating increasing utilization moving forward as a result of growth in key manufacturing sectors. Staff will reassess compliance in the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	
16	Unifrax I LLC	6,205	301	267	89%	5,449	88%	N/A	N/A	N/A	N/A	N/A	N/A	360 Fire Tower Dr	Tonawanda	NY	14150	Erie	Western New York	Unifrax I LLC produces ceramic fiber products. A recommendation was approved by the NYPA Board of Trustees on September 23, 2025, allowing the company to consolidate its allocations and related commitments within a campus-style setup. Staff will monitor the company's employment and power utilization and will reassess compliance during the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	
17	Yahoo Holdings, Inc. (formerly Oath Holdings, Inc.)	15,000	125	113	90%	7,740	52%	N/A	N/A	N/A	N/A	N/A	N/A	5319 Enterprise Dr	Lockport	NY	14094	Niagara	Western New York	Yahoo Holdings, Inc. (formerly Oath Holdings, Inc.) operates a data center. At the March 25, 2025 NYPA Board of Trustees meeting, a modification was approved allowing the company to consolidate its allocations and associated commitments into a campus-style configuration. As part of this modification, the company returned 7,000 kW. Staff will reassess compliance during the following reporting period.	Staff recommends that the Trustees take no compliance action at this time.	

Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Preservation Power Allocation Extensions and Notice of Public Hearing

SUMMARY

The New York Power Authority Board of Trustees ("Board of Trustees") is requested to approve the following:

- a) an allocation extension of 2,100 kilowatts ("kW") of Preservation Power ("PP") to Corning Incorporated ("Corning") for use at its facility located at 334 County Route 16, Canton, New York (St. Lawrence County) for a term of ten years;
- b) an allocation extension of 2,000 kilowatts ("kW") of PP to Empire State Mines, LLC ("Empire State Mines") for use at its facility located at 408 Sylvia Lake Road, Gouverneur, New York (St. Lawrence County) for a term of ten years;
- c) a public hearing, in accordance with Public Authorities Law ("PAL") § 1009, on proposed forms of contracts ("Proposed Contract") with Corning and Empire State Mines that would, along with Authority Service Tariff No. 20 ("ST No. 20"), apply to the sale of PP to these companies for the extended terms, and
- d) the execution of the Proposed Contracts with Corning and Empire State Mines to provide for the sale of the allocations on an interim month-to-month basis pending completion of the public hearing, review and approval by the Trustees, and consideration and approval of the Governor.

Copies of the Proposed Contract and ST No. 20 are attached as Exhibits "A-1" and "B-1".

BACKGROUND

Under PAL §1005(13)(a), the New York Power Authority ("NYPA" or "Authority") may contract to allocate 490 megawatts ("MW") of PP to businesses in Franklin, Jefferson and St. Lawrence counties, and applies the same allocation criteria that pertain to the allocations of Replacement Power and Expansion Power.

Each application for an allocation of PP is evaluated under criteria that include but need not be limited to, those set forth in PAL §1005(13)(a), which details general eligibility requirements. Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business' long-term commitment to the region as evidenced by the current and/or planned capital investment in the business' facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs to be created, as measured by wage and benefit levels, security and stability of employment; and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

The Authority works closely with local economic development officials from Franklin, Jefferson and St. Lawrence counties along with the Northern New York ("NNY") representative of Empire State Development (collectively, "Economic Development Entities") to coordinate economic development incentives that could help

bring projects to New York State and to assess support for applications. Staff discusses potential PP allocations with the Economic Development Entities to help maximize the value of hydropower to improve the economy of NNY and New York State.

The Board of Trustees previously approved the original PP allocations to Corning and Empire State Mines for a term of seven years. Consistent with more recent PP allocation approvals, both customers are being recommended for allocation extensions for a term of ten years.

At this time, 216,890 kW of unallocated PP is available to be awarded to businesses under the criteria set forth in PAL §1005(13)(a).

DISCUSSION

Corning

Corning is a worldwide leader in the manufacturing of specialty glass and ceramics. Established in 1966, its Canton, New York plant specializes in producing high-quality optical glass for the semiconductor market, and high-energy lasers for space and commercial uses. The company serves as a major employer in the region, and its operations are critical to the economic health of the North Country.

Corning currently utilizes a 2,100 kW PP allocation at its Canton facility with its contract term ending on January 31, 2026. The company also utilizes a 2,260 kW ReCharge New York ("RNY") allocation at the site with its current contract term ending on June 30, 2026. It is anticipated that Corning will apply for an extension of its RNY allocation at the Canton facility prior to the current allocation's expiration date.

An extension of Corning's PP allocation would enable the company to sustain its current level of production at the Canton site and continue to invest in the facility, thereby supporting local jobs and the regional economy.

Corning is in compliance with its existing contractual commitments for the PP allocation at its Canton plant. The company remains committed to honoring all the terms and commitments of its current PP allocation through the remainder of its contract term.

The customer has requested an extension of its current 2,100 kW PP allocation for a ten-year term. Corning would commit to retain at least 274 full-time equivalent ("FTE") employees, with an annual capital spending commitment of \$10 million, for the extended term of the PP allocation.

Staff has reviewed this request and recommends that Corning's 2,100 kW PP allocation be extended in support of the Canton plant for a term of ten years, subject to the employment and capital investment commitments specified above for the extended term.

Empire State Mines

Empire State Mines operates a group of high-grade zinc mines located in Gouverneur, New York. Its output of mined zinc supports a wide variety of applications including galvanizing, alloys, die-casting, batteries, and chemicals. The company is planning to expand beyond zinc mining through its recent commissioning of a new graphite facility at the Gouverneur plant.

Empire State Mines currently utilizes a 2,000 kW PP allocation at its Gouverneur facility with its contract term ending on December 31, 2025. The company is also being recommended for a \$1 million Northern New York Power Proceeds award, in support of the new graphite facility, in a separate item for the December 9, 2025 Board of Trustees meeting.

An extension of the PP allocation to Empire State Mines would enable the company to sustain its current level of production at the Gouverneur site and continue to invest in the facility, thereby supporting local jobs and the regional economy.

Empire State Mines is in compliance with its existing contractual commitments for the PP allocation at its Gouverneur plant. The company remains committed to honoring all the terms and commitments of its current PP allocation through the remainder of its contract term.

The customer has requested an extension of its current 2,000 kW PP allocation for a ten-year term . Empire State Mines would commit to retain at least 108 FTE employees, with an annual capital spending commitment of \$3.6 million, for the extended term of the PP allocation.

Staff has reviewed this request and recommends that Empire State Mines' 2,000 kW PP allocation be extended in support of the Gouverneur plant for a term of ten years, subject to the employment and capital investment commitments specified above for the extended term.

CONTRACT INFORMATION

The following is a summary of some of the matters that would be addressed in ST No. 20 and the Proposed Contract with Corning and Empire State Mines for the extended terms:

- Base rates for demand and energy, an annual adjustment factor, and a minimum monthly charge that helps the Authority cover fixed costs of serving a customer even when the customer does not utilize the allocation in a billing period.
- Direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. charges, taxes and any other required assessments.
- The provision of substitute energy in the event of hydropower curtailments caused by adverse water conditions that impact power project operations.
- Basic requirements for customer metering.
- Early outreach to the customer concerning allocation extension initiatives by the Authority.
- Requirements for energy audits at the facility receiving the allocation. The customer would have the option to satisfy the audit requirement through either a traditional physical audit, or a virtual audit using the Authority's New York Energy Manager, which is expected to provide considerable savings for customers who select it.
- Periodic communications to customers about energy-related projects, programs and services offered by the Authority.
- Compliance provisions that allow the Authority to reduce a customer's allocation for a failure to meet supplemental commitments, with an opportunity for the customer to present a proposed plan with actionable milestones to cure deficiencies.
- The collection of a Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge to allow the Authority to recover costs it incurs relating to its purchase of Zero Emission Credits and Renewable Energy Credits attributable to the customer's load.

Staff intends to discuss the form of the Proposed Contract with Corning and Empire State Mines, and anticipates reaching agreement on contracts with each company substantially similar to the forms of contracts attached as Exhibits "A-1" and "B-1." The forms of the Proposed Contract are consistent with previously approved contracts for the sale of PP and hydropower in other NYPA programs. Accordingly, the Board of Trustees is requested to authorize a public hearing, pursuant to PAL §1009, on the form of the Proposed Contract with Corning and Empire State Mines attached as Exhibits "A-1" and "B-1".

As required by PAL §1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of PP, it will transmit the proposed form of the contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days' notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the form of the contract may be modified, if advisable. Staff will report to the Board of Trustees on the public hearing and the Proposed Contract at a later time and make any additional recommendations regarding the Proposed Contract as are appropriate.

Upon approval of the final Proposed Contract by the Authority, the Authority must "report" the Proposed Contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. The current Preservation Power agreements with Empire State Mines and Corning expire on December 31, 2025, and January 31, 2026, respectively. Several months will be needed to carry out the public hearing on the Proposed Contracts, seek Board approval of the new agreements after the hearing, and to request the Governor's approval of the new agreements. This process cannot be completed before the expiration dates of the current agreements. Accordingly, the terms of the current allocations under the existing agreements and tariff will be extended by letter agreements. The letter agreements will be effective until the Trustees approve the Proposed Contracts and they can be executed by the companies and by NYPA as interim agreements, at which time the Proposed Agreements will become effective on a month-to-month basis. Upon consideration and approval by the Governor, the Authority is authorized to execute the final contracts.

FISCAL INFORMATION

The actions recommended herein will not have a negative impact on the Authority's finances.

RECOMMENDATION

The Senior Vice President, Customer Solutions requests that the Board of Trustees:

- 1) approve an extension of the 2,100 kW PP allocation to Corning for a term of ten years as described herein;
- 2) approve an extension of the 2,000 kW PP allocation to Empire State Mines for a term of ten years as described herein;
- 3) authorize a public hearing, in accordance with PAL § 1009, on the Proposed Contracts with Corning and Empire State Mines, for the extended terms, attached as Exhibits "A-1" and "B-1"; and
- 4) authorize staff to negotiate Proposed Contracts with Corning and Empire State Mines for execution on an interim basis to provide for the uninterrupted sale of firm hydropower on a month-to-month basis following the public hearing and review and approval by the Trustees, and pending consideration and approval of the Governor of the final contracts.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That an extension of the 2,100 kilowatt (“kW”) allocation of Preservation Power (“PP”) to Corning Incorporated (“Corning”) for a term of ten years, for use at the company’s facility located at 334 County Route 16, Canton, New York, as detailed in the foregoing memorandum of the President and Chief Executive Officer (“Memorandum”), be, and hereby is, approved, subject to rates previously approved by the Board of Trustees; and be it further

RESOLVED, That an extension of the 2,000 kilowatt (“kW”) allocation of PP to Empire State Mines, LLC (“Empire State Mines”) for a term of ten years, for use at the company’s facility located at 408 Sylvia Lake Road, Gouverneur, New York, as detailed in the foregoing memorandum of the President and Chief Executive Officer (“Memorandum”), be, and hereby is, approved, subject to rates previously approved by the Board of Trustees; and be it further

RESOLVED, That the Board of Trustees hereby authorize a public hearing pursuant to Public Authorities Law (“PAL”) §1009 on the terms of the proposed form of the direct sale contracts with Corning and Empire State Mines for the sale of the PP allocations (the “Contracts”) for the extended terms; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit a copy of the proposed Contracts to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to PAL §1009; and be it further

RESOLVED, That the Senior Vice President, Customer Solutions or her designee be, and hereby is, authorized, subject to approval of the form thereof by the Executive Vice President and General Counsel, to negotiate and execute any and all documents necessary or desirable to maintain uninterrupted electric service and to implement the Contracts with Corning and Empire State Mines on an interim month-to-month basis

pending gubernatorial approval of the final Contracts with Corning and Empire State Mines, as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE OF
PRESERVATION POWER AND ENERGY

SERVICE TARIFF NO. 20

Corning Incorporated

Deleted: CWT Farms International, Inc.

The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for Sale of Preservation Power and Energy (“Agreement”) with ~~Corning Incorporated~~, (“Customer”) having offices at ~~334 County Route 16, Canton~~, New York, ~~13617~~. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree as follows:

Deleted: CWT Farms International, Inc

Deleted: 20835 Alexander Drive

Deleted: Watertown

Deleted: 13601

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the St. Lawrence-FDR Power Project known as Preservation Power (or “PP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Customer applied for an allocation of PP or an extension of an existing PP allocation for use at its facilities defined in this Agreement as the “Facility”;

WHEREAS, the Customer has offered to make specific commitments relating to, among other things, the creation and retention of jobs, capital investments, power usage and energy efficiency measures at the Facility, in exchange for an allocation of PP;

WHEREAS, the Authority’s Board of Trustees approved an allocation of PP to the Customer;

WHEREAS, the Authority’s provision of Electric Service under this Agreement is an unbundled service separate from (i) the transmission of the allocation, and (ii) the delivery of the Allocation;

WHEREAS, the Parties have reached an agreement on the terms and conditions applicable for the sale of the Allocation for a term as provided in this Agreement;

WHEREAS, electric service hereunder shall be subject to the rates and other terms and conditions contained in the Service Tariff as further provided in this Agreement; and

WHEREAS, the Authority has complied with requirements of PAL § 1009, and has been authorized to execute the Agreement.

NOW, THEREFORE, in consideration of mutual covenants, terms, and conditions herein, and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties do hereby mutually covenant and agree as follows:

ARTICLE I DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below. When used with initial capitalization, whether singular or plural, terms defined in schedules or appendices to this

Agreement shall have the meanings set forth in such schedules or appendices. All other capitalized terms and abbreviations used in this Agreement but not defined in this Section or other provisions of this Agreement or its schedules or appendices shall have the same meaning as set forth in the Service Tariff.

“Adverse Water Condition” means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.

“Agreement” means this Agreement, and unless otherwise indicated herein, includes all schedules, appendices and addenda thereto, as the same may be amended from time to time.

“Allocation” refers to the allocation(s) of PP awarded to the Customer as specified in Schedule A.

“Alternative REC Compliance Program” has the meaning provided in Schedule E.

“Annual Capital Investment Commitment” has the meaning set forth in Schedule B.

“Annual CI Expenditures” has the meaning set forth in Schedule B.

“Base Employment Level” has the meaning set forth in Schedule B.

“Contract Demand” is as defined in applicable Service Tariff.

“Effective Date” means the date that this Agreement is fully executed by the Parties.

“Electric Service” is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, the Service Tariff and the Rules.

“Energy Services” has the meaning set forth in Article V of this Agreement.

“Expansion Project” has the meaning set forth in Section IV.3.a of this Agreement.

“Expansion Project Capital Investment Commitment” has the meaning set forth in Schedule B.

“Facility” means the Customer’s facilities as described in Schedule A to this Agreement.

“Firm Power” is as defined in the Service Tariff.

“Firm Energy” is as defined in the Service Tariff.

“FERC” means the Federal Energy Regulatory Commission (or any successor organization).

“FERC License” means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.

“Hydropower Curtailment” means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an Adverse Water Condition.

“International Joint Commission” or “IJC” refers to the entity with responsibility to prevent and resolve disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The IJC rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.

“Load Reduction” has the meaning set forth in Section IX.6 of this Agreement.

“Load Serving Entity” (or “LSE”) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

“Metering Arrangement” has the meaning set forth in Section II.8 of this Agreement.

“NYEM” means the New York Energy Manager, an energy management center owned and operated by the Authority.

“NYEM Agreement” means a written agreement between the Authority and the Customer providing for the Facility’s enrollment and Customer’s participation in NYEM.

“NYEM Participation” has the meaning specified in Schedule B of this Agreement.

“NYISO” means the New York Independent System Operator or any successor organization.

“NYISO Charges” has the meaning set forth in Section VII.3 of this Agreement.

“NYISO Tariffs” means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

“Physical Energy Audit” or “Audit” means a physical evaluation of the Facility in a manner approved by the Authority that includes at a minimum the following elements: (a) an assessment of the Facility’s energy use, cost and efficiency which produces an energy utilization index for the Facility (such as an Energy Use Intensity or Energy Performance Indicator); (b) a comparison of the Facility’s index to indices for similar buildings/facilities; (c) an analysis of low-cost/no-cost

measures for improving energy efficiency; (d) a listing of potential capital improvements for improving energy consumption; and (e) an initial assessment of potential costs and savings from such measures and improvements.

“Preservation Power” (or “PP”) consists of 490 megawatts (“MW”) of firm hydroelectric power and associated energy produced by the Authority’s St. Lawrence-FDR Power Project.

“Prior Agreement” has the meaning set forth in the recitals to this Agreement.

“Project” means the Authority’s St. Lawrence-FDR Power Project, FERC Project No. 2000.

“Reporting Year” means the yearly interval that the Authority uses for reporting, compliance and other purposes as specified in this Agreement. The Reporting Year for this Agreement is from January 1 through December 31, subject to change by the Authority without notice.

“Rolling Average” has the meaning set forth in Schedule B.

“Rules” are the applicable provisions of 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 may be modified from time to time by the Authority.

“Service Information” has the meaning set forth in Section II.12 of this Agreement.

“Service Tariff” means the Authority’s Service Tariff No. WNY-20, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

“Schedule A” refers to the Schedule A entitled “Preservation Power Allocations” which is attached to and made part of this Agreement.

“Schedule B” refers to the Schedule B entitled “Supplemental Preservation Power Commitments” which is attached to and made part of this Agreement, including any appendices attached thereto.

“Schedule C” refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

“Schedule D” refers to the Schedule D entitled “Zero Emission Credit Charge” which is attached to and made part of this Agreement.

“Schedule E” refers to the Schedule E entitled “Monthly Renewable Energy Credit Charge” which is attached to and made part of this Agreement.

“Substitute Energy” means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Hydropower Curtailment.

“Takedown” means the portion of the Allocation that Customer requests to be scheduled for a specific period as provided for in Schedule C, if applicable.

“Taxes” is as defined in the Service Tariff.

“Unforced Capacity” (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

“Utility Tariff” means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC that is applicable to the delivery of PP.

ARTICLE II

ELECTRIC SERVICE

1. The Authority will make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, the Service Tariff and the Rules. The Customer is not be entitled to receive Electric Service under this Agreement for any PP allocation unless such PP allocation is identified in Schedule A.
2. The Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation specified in Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.
3. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with the Service Tariff.
4. The provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and the delivery of the Allocation. The Customer acknowledges and agrees that Customer’s local electric utility, not the Authority, is responsible for the delivery of the Allocation to the Facility in accordance with applicable Utility Tariff(s).
5. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as PP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all PP customers receiving Electric Service under the Service Tariff, as applicable, based on the terms of such ruling, order, or decision.
6. The Contract Demand may not exceed the Allocation.

7. The Customer's Facility must be metered by the Customer's local electric utility in a manner that is satisfactory to the Authority, or another metering arrangement satisfactory to the Authority must be provided (collectively, "Metering Arrangement"). A Metering Arrangement that is not satisfactory to the Authority shall be grounds, after notice to the Customer, for the Authority to modify, withhold, suspend, or terminate Electric Service to the Customer. If a Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination that it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. After commencement of Electric Service, the Customer shall notify the Authority in writing within thirty (30) days of any alteration to the Facility's Metering Arrangement, and provide any information requested by the Authority (including Facility access) to enable the Authority to determine whether the Metering Arrangement remains satisfactory. If an altered Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. The Authority may, in its discretion, waive any of the requirements provided for in this Section in whole or in part where in the Authority's judgment, another mechanism satisfactory to the Authority can be implemented to enable the Authority to receive pertinent, timely and accurate information relating to the Customer's energy consumption and demand and render bills to the Customer for all fees, assessments and charges that become due in accordance with this Agreement, the Service Tariff, and the Rules.
8. The Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that such parties determine is necessary to provide for the allocation, sale and delivery of the Allocation to the Customer at the Facility, the proper and efficient implementation of the PP program, billing related to Electric Service, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters. In addition, the Customer agrees to complete such forms and consents that the Authority determines are necessary to effectuate such exchanges of information.
9. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement between the Authority and the Customer's local electric utility providing for the delivery of the Allocation on terms and conditions that are acceptable to the Authority.
10. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, execute consents, and provide information (collectively, "Service Information") that the Authority determines is necessary for the provision of Electric Service, the delivery of the Allocation, billing related to Electric Service, the effective administration of the PP program, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide Service Information on a timely basis shall be grounds for the Authority in its discretion to modify, withhold, suspend, or terminate Electric Service to the Customer.

ARTICLE III
RATES, TERMS AND CONDITIONS

1. Electric Service shall be sold to the Customer in accordance with the rates, terms and conditions provided for in this Agreement, the Service Tariff and the Rules.
2. The Service Tariff and the Rules may be amended from time to time by the Authority and, if revised, the revised provisions thereof will apply under this Agreement with the same force and effect as if set forth herein. The Authority shall provide at least thirty (30) days prior written notice to the Customer of any proposed change in the Service Tariff or the Rules. No amendment to the Service Tariff or the Rules shall affect the determination of rates for PP to the Customer during the term of the Agreement except insofar as otherwise authorized by this Agreement. This provision shall not limit the Authority's discretion to determine rates applicable to allocations of power and energy awarded to the Customer beyond or in addition to the Allocation.
3. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.
4. In addition to all other fees, assessments and charges provided for in the Agreement, the Service Tariff and the Rules, the Customer shall be responsible for payment of the Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge provided for in Schedule D and Schedule E, respectively, of this Agreement.

ARTICLE IV
SUPPLEMENTAL COMMITMENTS

1. Supplemental Commitments. Schedule B sets forth the Customer's "Supplemental Preservation Power Commitments" ("Supplemental Commitments"). The Authority's obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer's timely compliance with the Supplemental Commitments described in Schedule B as further provided in this Agreement. The Customer's Supplemental Commitments are in addition to all other commitments and obligations provided in this Agreement.

2. Special Provisions Relating to a New or Expanded Facility.

a. Proposed New or Expanded Facility; Failure to Complete.

If Schedule B provides for the construction of a new facility or an expansion of an existing facility (collectively, "Expansion Project"), and the Customer fails to complete the Expansion Project by the date specified in Schedule B, the Authority may, in its discretion, (a) cancel the Allocation, or (b) if it believes that the Expansion Project will be completed in a reasonable time, agree with the Customer to extend the time for completion of the Expansion Project.

b. Proposed New or Expanded Facility; Partial Performance.

If the Expansion Project results in a completed Facility that is only partially operational, or is materially different than the Expansion Project agreed to in Schedule B (as measured by such factors as size, capital investment expenditures, capital improvements, employment levels, estimated energy demand and/or other criteria determined by the Authority to be relevant), the Authority may, in its discretion, on its own initiative or at the Customer's request, make a permanent reduction to the Allocation and Contract Demand to an amount that the Authority determines to fairly correspond to the completed Facility.

c. Notice of Completion; Commencement of Electric Service.

- (i) The Customer shall give the Authority not less than ninety (90) days' advance written notice of the anticipated date of completion of an Expansion Project. The Authority will inspect the Expansion Project for the purpose of verifying the status of the Expansion Project and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time subject to the other provisions of this Agreement based on applicable operating procedures of the Authority, Customer's local electric utility and NYISO.
- (ii) In the event of an Expansion Project being completed in multiple phases, at the Customer's request the Authority may, in its discretion, allow commencement of part of the Allocation upon completion of any such phase, provided the Authority will similarly inspect the Expansion Project for the purpose of verifying the status of the completed phase of the Expansion Project. Upon such verification by the Authority of any such completed phase, the Authority, in its discretion, will determine an amount of kW that fairly corresponds to the completed phase of the Expansion Project, taking into account relevant criteria such as any capital expenditures, increased employment levels, and/or increased electrical demand associated with the completed phase of the Expansion Project.

d. Other Rights and Remedies Unaffected.

Nothing in this Article is intended to limit the Authority's rights and remedies provided for in the other provisions of this Agreement, including without limitation the provisions in Schedule B of this Agreement.

ARTICLE V
ENERGY-RELATED PROJECTS, PROGRAMS AND SERVICES

The Authority shall periodically communicate with the Customer for the purpose of informing the Customer about energy-related projects, programs and services ("Energy Services") offered by the Authority that in the Authority's view could provide value to the Customer and/or support the State's Clean Energy Standard. The Customer shall review and respond to all such offers in good faith, provided, however, that, except as otherwise provided for in this Agreement, participation in any such Energy Services shall be at the Customer's option, and subject to such terms and conditions agreed to by the Parties in one or more definitive agreements.

ARTICLE VI
SERVICE TARIFF; CONFLICTS

1. A copy of the Service Tariff is attached to this Agreement as Exhibit 1 and shall apply under this Agreement with the same force and effect as if fully set forth herein. The Customer consents to the application of the Service Tariff.
2. In the event of any inconsistencies, conflicts, or differences between the provisions of the Service Tariff and the Rules, the provisions of the Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariff or the Rules, the provisions of this Agreement shall govern.

ARTICLE VII
TRANSMISSION AND DELIVERY

1. The Customer shall be responsible for:
 - a. complying with all requirements of its local electric utility (including any other interconnecting utilities) that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff;
 - b. paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff, and if the Authority incurs any charges associated with such delivery service, reimbursing the Authority for all such charges; and
 - c. obtaining any consents and agreements from any other person that are necessary for the delivery of the Allocation to the Facility, and complying with the requirements of any such person, provided that any such consents, agreements and requirements shall be subject to the Authority's approval.

2. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in the Service Tariff or any successor service tariff, regardless of whether such NYISO Charges are transmission-related.

ARTICLE VIII
BILLING AND BILLING METHODOLOGY

1. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.
2. Except as otherwise provided in this Agreement, all other provisions with respect to billing are set forth in the Service Tariff and the Rules.
3. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

ARTICLE IX
HYDROPOWER CURTAILMENTS AND SUBSTITUTE ENERGY

1. In the event of an Adverse Water Condition, the Authority will have the right in its discretion to implement Hydropower Curtailments. The Authority will implement Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project.
2. In the event of a Hydropower Curtailment, the Authority will provide Substitute Energy to the Customer and the Customer shall pay for such Substitute Energy. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO.
3. For each kilowatt-hour of Substitute Energy provided by the Authority during a Hydropower Curtailment, the Customer shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Hydropower Curtailments shall be governed by the provisions of the Service Tariff relating to the rendition and payment of bills for Electric Service.
4. The Authority shall be under no obligation to deliver, and will not deliver, any such curtailed energy to the Customer in later billing periods.

5. The Authority may require the Customer to enter into a separate agreement relating to the provision and sale of Substitute Energy. The provisions of this Agreement will remain in effect notwithstanding the existence of any such separate agreement.

ARTICLE X
EFFECTIVENESS, TERM AND TERMINATION

1. This Agreement shall become effective and legally binding on the Parties on the Effective Date.
2. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (a) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (b) termination by the Authority pursuant to this Agreement, the Service Tariff, or the Rules; or (c) expiration of the Allocation by its own term as specified in Schedule A.
3. The Customer may exercise a partial termination of the Allocation upon at least sixty (60) days' prior written notice to the Authority. The Authority will effectuate the partial termination as soon as practicable after receipt of such notice taking account of the Authority's internal procedures and requirements of the Customer's local electric utility.
4. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, the Service Tariff, or the Rules.

ARTICLE XI
EXTENSIONS OF ALLOCATION; AWARD OF ADDITIONAL ALLOCATIONS

1. The Customer may apply to the Authority for an extension of the term of the Allocation identified in Schedule A:
 - a. during the thirty-six (36) month period immediately preceding the scheduled expiration of the Allocation;
 - b. pursuant to any other process that the Authority establishes; or
 - c. with the Authority's written consent.
2. Upon proper application by the Customer, the Authority may in accordance with applicable law and Authority procedures award additional allocations of PP at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (a) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (b) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified

Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

3. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for extension of the Allocation or additional allocations and consider the terms and conditions that should be applicable of any extension or additional allocations.

ARTICLE XII

NOTICES

1. Notices, consents, authorizations, approvals, instructions, waivers or other communications provided in this Agreement shall be in writing and transmitted to the Parties as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: ContractDocs@nypa.gov
Facsimile: (914) 390-8156
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

[Corning Incorporated](#),
[334 County Route 16](#),
[Canton, New York, 13617](#),
Email:
Facsimile: _____
Attention: [Manager, Strategic Sourcing, Energy](#)

Deleted: CWT Farms International, Inc.¶

Deleted: 20835 Alexander Drive¶

Deleted: Watertown

Deleted: 13601

Deleted: President

2. The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XII.1.
3. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (a) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (b) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (c) if delivered by hand, with written confirmation of receipt; (d) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (e) on the date of transmission if sent by electronic communication to the appropriate address as set forth above, with confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

ARTICLE XIII
SUCCESSORS AND ASSIGNS; RESALE OF HYDROPOWER

1. This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto, provided that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party, which consent shall not be unreasonably withheld or conditioned. Notwithstanding the foregoing sentence, the Authority may require such approvals, and such consents and other agreements from the Customer and other parties, that the Authority determines are necessary in order to effectuate any such assignment.
2. The Customer may not transfer any portion of the Allocation to any other person, or a location different than the Facility, unless: (a) the Authority in its discretion authorizes the transfer Authority; (b) all other requirements applicable to a transfer, including board approvals, are satisfied; and (c) the transfer is effectuated in a form and subject to such terms and conditions approved by the Authority. Any purported transfer that does not comply with the foregoing requirements shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service or terminate the Allocation and/or this Agreement.
3. The Customer may not sell any portion of the Allocation to any other person, allow any other person to use any portion of the Allocation, or allow any other person to interconnect to the Facility. Any purported sale shall be invalid and any violation of this provision shall constitute grounds for the Authority in its discretion to suspend Electric Service, or terminate the Allocation and/or this Agreement.

ARTICLE XIV
MISCELLANEOUS

1. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a) and rulings by the IJC and without regard to conflicts of law provisions.

2. Venue

The Parties: (a) consent to the exclusive jurisdiction and venue of any state court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement; (b) agree to accept service of process; and (c) will not raise any argument of inconvenient forum.

3. Previous Agreements; Modifications; and Interpretation

- a. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of the Allocation and the subject matter of the Agreement, and

supersedes all previous communications and agreements between the Parties, oral or written, with reference to the sale of the Allocation.

- b. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.
- c. No provision shall be construed against a Party on the basis that such Party drafted such provision.

4. Waiver

Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

5. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof. Notwithstanding the preceding sentence, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

ARTICLE XV
EXECUTION

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement as a PDF or similar file type transmitted via electronic mail, cloud based server, e-signature technology or similar electronic means shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

CORNING INCORPORATED

Deleted: CWT FARMS INTERNATIONAL, INC.

By: _____

Title: _____

Date: _____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: John R. Koelmel, Chairman

Date: _____

SCHEDULE A
PRESERVATION POWER ALLOCATIONS

Customer: ~~Corning Incorporated~~				
Type of Allocation	Allocation Amount (kW)	Facility and Address	Trustee Approval Date	Allocation Expiration Date
Preservation Power	~~2,100~~ kW	~~334 County Route 16, Canton, NY 13617~~	~~December 9, 2025~~	Ten (10) years from the date of commencement of Electric Service

Deleted: CWT Farms International, Inc.

Deleted: 20835 Alexander Drive ¶

Deleted: 320

Deleted: Watertown

Deleted: 13601

Deleted: May 25, 2023

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SCHEDULE B
SUPPLEMENTAL PRESERVATION POWER COMMITMENTS

ARTICLE I
SPECIFIC SUPPLEMENTAL COMMITMENTS

1. Employment Commitments

- a. The Customer shall create and maintain the employment level set forth in the Appendix to this Schedule B (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (a) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (b) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.
- b. The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.
- c. The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s discretion.

2. Capital Investment Commitments

The Customer shall make the capital investments specified in the Appendix to this Schedule B.

3. Power Utilization

For each month the Authority provides Electric Service to the Customer, the Customer shall utilize the entire Allocation, as represented by the Billing Demand (as such term is described in the Service Tariff), provided, however, that if only part of the Allocation is being utilized in accordance with Schedule C, the Customer shall utilize such partial amount of the Allocation.

4. Energy Efficiency and Conservation Program

- a. The Customer shall implement an energy efficiency and conservation program at the Facility through either (a) enrollment of the Facility and participation in NYEM in accordance with a NYEM Agreement, or (b) one or more Physical Energy Audits of the Facility, or (c) a combination of such measures, in accordance with the provisions of this Article.
- b. The Authority shall transmit to the Customer a NYEM Agreement and an election form. The Customer shall elect to either (a) enroll the Facility and participate in NYEM for a three-year term ("NYEM Participation") in accordance with the NYEM Agreement, or (b) perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority's communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit within three (3) years of the Effective Date of this Agreement, at its own expense.
- c. The Authority shall, on or before the expiration of the three-year term of the NYEM Agreement, transmit to the Customer a NYEM Agreement specifying the terms and conditions that would apply to NYEM participation for a second term, and an election form. The Customer shall elect either (a) NYEM Participation for a second term, or (b) to perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority's communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit during the calendar year that begins six years after of the Effective Date of this Agreement, at its own expense.
- d. The Authority may in its discretion waive the requirement for a Physical Energy Audit, or may agree to a limited energy audit of the Facility, where it determines that the Physical Energy Audit is unnecessary based on the age of the Facility, energy efficiency and conservation improvements made at the Facility, the length of the Allocation, or other considerations the Authority determines to be relevant.

ARTICLE II
RECORDKEEPING, REPORTING AND FACILITY ACCESS

1. Employment

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

2. Capital Investments

The Customer shall comply with the recordkeeping, recording and reporting requirements specified in the Appendix to this Schedule B.

3. Power Usage

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement.

4. Energy Efficiency and Conservation Program

Upon the Authority's request, the Customer shall provide the Authority with (a) a copy of the results of any Physical Energy Audit performed at the Facility (or, at the Authority's option, a report describing the results), performed pursuant to this Article; and (b) a description of any energy efficiency or conservation measures that the Customer has implemented at the Facility in response to any Physical Energy Audit or as a result of NYEM Participation.

5. Facility Access

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the

Authority deems necessary to determine the Customer's compliance with the Customer's Supplemental Commitments specified in this Schedule B.

ARTICLE III
COMPLIANCE ACTION BY THE AUTHORITY

1. Employment

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in the Appendix to this Schedule B for the subject calendar year, the Authority may reduce the Contract Demand in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

2. Capital Investment Commitment

The Authority may reduce the Contract Demand as provided in the Appendix to this Schedule B if the Customer does not comply with the Capital Investment Commitment.

3. Power Utilization Level

If the average of the Customer's six (6) highest Billing Demands (as such term is described in the Service Tariff) for Preservation Power is less than 90% of the Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to in accordance with the procedures provide in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

4. Additional Compliance Action

In addition to the Authority's other rights and remedies provided in this Agreement, the Service Tariff and the Rules, the Authority may suspend Electric Service to the Customer if the Customer does not comply with any of the requirements in Section I.4 or Article II of this Schedule B.

5. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to Sections III.1, III.2, or III.3 of this Schedule B, the Authority shall provide the Customer with at least thirty (30) days prior written notice of the proposed reduction, specifying the amount and reason for the reduction. Before implementing any reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance, Facility upgrade periods, and the business cycle. If, at the end of the thirty (30) day notice period, the Authority determines that a reduction is warranted, it shall provide the Customer with notice of such determination and provide the Customer with sixty (60) days to present a proposed plan with actionable milestones to cure the deficiency. The Authority shall respond to the Customer concerning the acceptability of any proposed plan that is provided in accordance with this Section III.5 within thirty (30) days of the Authority's receipt of such proposed plan. It shall be within the Authority's discretion whether or not to accept the Customer's proposed plan, require a different plan, or implement the reduction of the Contract Demand.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 274 full-time, permanent employees (“Base Employment Level”) at the Customer’s Facility within three (3) years of commencement of Electric Service. The Base Employment Level shall be maintained thereafter for the term of the Allocation through the Allocation Expiration Date specified for PP Allocation 1 in Schedule A in accordance with Article I of Schedule B.

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CAPITAL INVESTMENT COMMITMENTS

1. Annual Capital Investment Commitment (if applicable, as specified below)

- a. Each Reporting Year, the rolling average of the annual capital investments made by the Customer at the Facility (“Rolling Average”) shall total not less than \$10,000,000 (the “Annual Capital Investment Commitment”). For purposes of this provision, “Rolling Average” means the three-year average comprised of (1) the total amount of capital investments (“Annual CI Expenditures”) made by the Customer at the Facility during the current Reporting Year, and (2) the Annual CI Expenditures made by the Customer at the Facility during the two prior Reporting Years.
- b. Each year, the Customer shall record its Annual CI Expenditures for purposes of enabling the Authority to determine and verify the Rolling Average, which shall be provided to the Authority in a form specified by the Authority on or before the last day of February following the end of the most recent calendar year.
- c. If the Customer’s Rolling Average as determined by the Authority is less than 90% of its Annual Capital Investment Commitment for the Reporting Year, the Contract Demand may be reduced by the Authority in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the Rolling Average divided by the Annual Capital Investment Commitment. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

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2. Expansion Project–Capital Investment Commitment (if applicable, as specified below)

- a. The Customer shall make a minimum capital investment of N/A to construct, furnish and/or expand the Facility (“Expansion Project Capital Investment Commitment”). The Expansion Project Capital Investment Commitment is expected to consist of the following approximate expenditures on the items indicated:

Deleted: \$16,000,000

DESCRIPTION	EXPENDITURE
<u>Line item 1</u>	<u>N/A</u>
<u>Line item 2</u>	<u>N/A</u>
<u>N/A</u>	<u>N/A</u>

Deleted: New facility construction costs

Deleted: \$ 12,000,000

Deleted: Machinery and equipment purchases

Deleted: \$ 4,000,000

Deleted: Total Minimum Expansion Project Capital Investment Commitment:

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- b. The Expansion Project Capital Investment Commitment shall be made, and the Facility shall be completed and fully operational, no later than December 9, 2028 (*i.e.*, within three (3) years of the date of the Authority's award of the Allocation). Upon request of the Customer, such date may be extended in the discretion of the Authority.

SCHEDULE C
TAKEDOWN SCHEDULE

SCHEDULE D
ZERO EMISSION CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. WNY-2, or in the Rules.

“Affected LSEs” has the meaning provided in Section II.2 of this Schedule D.

“CES Order” means the Order issued by the PSC entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“PP Program ZEC Costs” has the meaning provided in Section II.4.b of this Schedule D.

“Government Action” has the meaning provided in Section II.8 of this Schedule D.

“Load Serving Entity” or “LSE” has the meaning provided in the CES Order.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the PP power program as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Zero Emission Credit” or “ZEC” has the meaning provided in the CES Order.

“Zero Emission Credit Charge” or “ZEC Charge” means the charge to the Customer established in this Schedule D.

“ZEC Purchase Obligation” has the meaning provided in Section II.2 of this Schedule D.

“ZEC Program Year” has the meaning provided in Section II.2 of this Schedule D.

II. ZEC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of the Service Tariff or the Rules, the Customer shall be subject to a ZEC Charge as provided in this Schedule D. The ZEC Charge shall be in addition to all other charges, fees and assessments provided for in the Agreement, the Service Tariff and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the ZEC Charge.
2. As provided in the CES Order, the Public Service Commission, as part of the CES and Tier 3 of the Renewable Energy Standard, imposed an obligation on Load Serving Entities that are subject to the CES Order (“Affected LSEs”) to purchase Zero Emission Credits from NYSERDA in an amount representing the Affected LSE’s proportional share of ZECs calculated on the basis of the amount of electric load the LSE serves in relation to the total electric load served by all Load Serving Entities in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes in the State (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).
3. The ZEC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of supporting the CES and Tier 3 of the RES and implementing the PP power program in a manner that is consistent with the New York State Energy Plan. The Authority will comply with the CES and Tier 3 of the RES by applying a form of ZEC Purchase Obligation to the end-user load for which the Authority serves as a load serving entity, including the load that the Authority serves under the PP power program.
4. The ZEC Charge, which is intended to recover from the Customer costs that the Authority incurs for purchasing ZECs in quantities that are attributable to the Customer’s PP load served under this Agreement, will be determined and assessed to the Customer as follows:
 - a. The cost of the total ZEC Purchase Obligation for all LSEs in the New York Control Area, including the Authority as a participating load serving entity, will be assessed pursuant to the methodology provided in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA based on the proportion of the forecasted total kilowatt-hours load served by the Authority (i.e., total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as

provided in the CES Order. The ZEC Purchase Obligations may be based on initial load forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

- b. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as load serving entity, including the PP load that it serves (the “PP Program ZEC Costs”). Such allocation will be based on the forecasted kilowatt-hours load of the PP program to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for each ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of ZEC Purchase Obligations will be allocated to the PP power program based on the proportion of the actual annual kilowatt-hours load served under such programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
 - c. The Authority will allocate a portion of the PP Program ZEC Costs to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the PP purchased by the Customer to total kilowatt-hours load served by the Authority under the PP power program (i.e., PP Program level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation referenced above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the PP power program by the Authority (PP Program level load). The ZEC Charge assessed to the Customer shall not include any costs resulting from the Authority’s inability to collect a ZEC Charge from any other Authority customer.
5. The Authority may, in its discretion, include the ZEC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the ZEC Charge pursuant to another Authority-established procedure.
6. The Authority may, in its discretion, modify the methodology used for determining the ZEC Charge and the procedures used to implement such ZEC Charge on a nondiscriminatory basis among affected PP customers, upon consideration of such matters as Public Service Commission orders modifying or implementing the CES Order, guidance issued by the New York Department of Public Service, and other information that the Authority reasonably determines to be appropriate to the determination of such methodology. The Authority shall provide Customer with reasonable notice of any modifications to the methodology or procedures used to determine and implement the ZEC Charge.
7. Nothing in this Schedule shall limit or otherwise affect the Authority’s right to charge or collect from the Customer any rate, charge, fee, assessment, or tax

provided for under any other provision of the Agreement, or any provision of the Service Tariff, or the Rules.

8. If the ZEC Purchase Obligation is modified or terminated by the Public Service Commission or other controlling governmental authority (collectively, “Government Action”), the Authority shall modify or terminate the ZEC Charge, and assess any additional charges or provide any credits to the Customer, to the extent that the Authority determines such actions to be appropriate based on such Government Action.

SCHEDULE E
MONTHLY RENEWABLE ENERGY CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in the Service Tariff No, or in the Rules.

“Alternative REC Compliance Program” has the meaning provided in Section III.1 of this Schedule E.

“Annual REC Percentage Target” has the meaning provided in Section II.2 of this Schedule E.

“CES Order” means the Order issued by the Public Service Commission entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Clean Energy Standard” or “CES” means the Clean Energy Standard adopted by the State in the CES Order.

“Load Serving Entity” has the meaning provided in the CES Order.

“Mandatory Minimum Percentage Proportion” has the meaning provided in the CES Order.

“Monthly Renewable Energy Credit Charge” or “Monthly REC Charge” means the monthly charge to the Customer established in this Schedule E.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Credit” or “REC” refers to a qualifying renewable energy credit as described in the CES Order.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the PP power program as authorized in the Power Authority Act.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“REC Compliance Measures” mean: (1) the Authority’s procurement of RECs from NYSERDA in accordance with NYSERDA procedures and/or the CES Order; (2) the Authority’s procurement of RECs from available REC markets; (3) the Authority’s procurement of RECs from sources other than those identified in items (1) and (2) of this definition, including through a procurement process adopted by the Authority; and/or (4) any other measure that the PCS authorizes a Load Serving Entity to implement for the purpose of meeting the applicable Mandatory Minimum Percentage Proportion.

“Total Monthly PP Load” has the meaning provided in Section II.3.b of this Schedule E

“Total Monthly REC Costs” has the meaning provided in Section II.3.b of this Schedule E.

II. MONTHLY REC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of the Service Tariff, or the Rules, the Customer shall be subject to a Monthly REC Charge as provided in this Schedule E. The Monthly REC Charge is in addition to all other charges, fees and assessments provided in the Agreement, the Service Tariff and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the Monthly REC Charge.
2. The Monthly REC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of complying with the CES and Tier 1 of the RES and implementing the PP power program in a manner that is consistent with the New York State Energy Plan, pursuant to which the Authority will invest in new renewable generation resources to serve its PP customers. Such investments will be made through the procurement of RECs through REC Compliance Measures in quantities that are intended to address the annual Mandatory Minimum Percentage Proportions as applied by the Authority to the total PP load that the Authority will serve each calendar year (the “Annual REC Percentage Target”) for the purpose of ultimately meeting the RES.
3. The Monthly REC Charge, which is intended to recover from the Customer costs that the Authority incurs for implementing REC Compliance Measures that are attributable to the Customer’s PP load served under this Agreement, will be determined and assessed to the Customer as follows:

- a. The Authority shall have the right, for each calendar year to implement such REC Compliance Measures as it determines in its discretion to be appropriate for the purpose of meeting the Annual REC Percentage Target for the total PP load that it will serve during such calendar year.
- b. The Authority will, for each month of each calendar year, calculate the total costs ("Total Monthly REC Costs") that the Authority has incurred or estimates that it will incur from implementing RES Compliance Measures for the purpose of meeting the Annual REC Percentage Target for the total PP kilowatt-hour load for the month ("Total Monthly PP Load"). The Total Monthly REC Costs may be calculated based on forecasts of the Total Monthly PP Load that the Authority expects to serve for the month, or on a lagged basis based on the actual Total Monthly PP Load that the Authority served for the month.
- c. Each month, the Authority will assess to the Customer, as a Monthly REC Charge, which will represent the Customer's share of the Total Monthly REC Costs assessed to the Total Monthly PP Load. The Monthly REC Charge will be assessed as the proportion of the Customer's total kilowatt-hours load served by the Authority for such month to the Total Monthly PP Load served by the Authority for such month, provided, however, that:
 - i. the Monthly REC Charge to the Customer shall not include any costs associated with the Authority's inability to collect the Monthly REC Charge from other Authority customers; and
 - ii. the effective per-MWh rate of the Monthly REC Charge to the Customer averaged over the REC Program Year to which the Annual REC Percentage Target applies shall not exceed the per-MWh rate of a Monthly REC Charge based on NYSERDA's published REC price for the REC Program Year.
4. The Authority may, in its discretion, include the Monthly REC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the Monthly REC Charge pursuant to another Authority-established procedure.
5. The Authority will, at the conclusion of each calendar year in which it assesses a Monthly REC Charge, conduct a reconciliation process based on the actual costs that it incurred for REC Compliance Measures and actual load served for the year, compared with cost or load estimates or forecasts, if any, that the Authority used to calculate the Customer's Monthly REC Charges during the year. The Authority will issue a credit, or an adjusted final charge for the year, as appropriate, based on the results of such reconciliation process. Any such final charge shall be payable within the time frame applicable to the Authority's bills for Electric Service under this Agreement or pursuant to any other procedure established by the Authority pursuant to Section II.4 of this Schedule E.

6. Notwithstanding the provisions of Section II.3 of this Schedule E, if Electric Service for the Allocation is commenced after the Authority has implemented REC Compliance Measures for the year in which such Electric Service is commenced, and as a result the Customer's load cannot be accounted for in such REC Compliance Measures, the Authority may in its discretion implement separate REC Compliance Measures in order to meet the Annual REC Percentage Target for Customer's load for the year, and bill the Customer for the costs associated with such separate REC Compliance Measures.
7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of the Service Tariff, or the Rules.

III. ALTERNATIVE REC COMPLIANCE PROGRAM

1. Nothing in this Schedule E shall be construed as preventing the Parties from entering into other agreements for an alternative arrangement for the Authority to meet the Annual REC Percentage Target with respect to the Customer's Allocation, including but not limited to Customer self-supply of RECs, alternative REC compliance programs and cost allocation mechanisms, in lieu of the Monthly REC Charge provided in this Schedule E (collectively, "Alternative REC Compliance Program").
2. The Authority shall communicate at least biennially with the Customer concerning implementation of the RES Compliance Program and potential Alternative REC Compliance Programs, if any, that the Authority is offering or expects to offer.

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE OF
PRESERVATION POWER AND ENERGY

SERVICE TARIFF NO. 20

Empire State Mines, LLC

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The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for Sale of Preservation Power and Energy (“Agreement”) with Empire State Mines, LLC, (“Customer”) having offices at 408 Sylvia Lake Road, Gouverneur, New York, 13642. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree as follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the St. Lawrence-FDR Power Project known as Preservation Power (or “PP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Customer applied for an allocation of PP or an extension of an existing PP allocation for use at its facilities defined in this Agreement as the “Facility”;

WHEREAS, the Customer has offered to make specific commitments relating to, among other things, the creation and retention of jobs, capital investments, power usage and energy efficiency measures at the Facility, in exchange for an allocation of PP;

WHEREAS, the Authority’s Board of Trustees approved an allocation of PP to the Customer;

WHEREAS, the Authority’s provision of Electric Service under this Agreement is an unbundled service separate from (i) the transmission of the allocation, and (ii) the delivery of the Allocation;

WHEREAS, the Parties have reached an agreement on the terms and conditions applicable for the sale of the Allocation for a term as provided in this Agreement;

WHEREAS, electric service hereunder shall be subject to the rates and other terms and conditions contained in the Service Tariff as further provided in this Agreement; and

WHEREAS, the Authority has complied with requirements of PAL § 1009, and has been authorized to execute the Agreement.

NOW, THEREFORE, in consideration of mutual covenants, terms, and conditions herein, and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties do hereby mutually covenant and agree as follows:

ARTICLE I DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below. When used with initial capitalization, whether singular or plural, terms defined in schedules or appendices to this

Deleted: CWT Farms International, Inc.

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Agreement shall have the meanings set forth in such schedules or appendices. All other capitalized terms and abbreviations used in this Agreement but not defined in this Section or other provisions of this Agreement or its schedules or appendices shall have the same meaning as set forth in the Service Tariff.

“Adverse Water Condition” means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.

“Agreement” means this Agreement, and unless otherwise indicated herein, includes all schedules, appendices and addenda thereto, as the same may be amended from time to time.

“Allocation” refers to the allocation(s) of PP awarded to the Customer as specified in Schedule A.

“Alternative REC Compliance Program” has the meaning provided in Schedule E.

“Annual Capital Investment Commitment” has the meaning set forth in Schedule B.

“Annual CI Expenditures” has the meaning set forth in Schedule B.

“Base Employment Level” has the meaning set forth in Schedule B.

“Contract Demand” is as defined in applicable Service Tariff.

“Effective Date” means the date that this Agreement is fully executed by the Parties.

“Electric Service” is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, the Service Tariff and the Rules.

“Energy Services” has the meaning set forth in Article V of this Agreement.

“Expansion Project” has the meaning set forth in Section IV.3.a of this Agreement.

“Expansion Project Capital Investment Commitment” has the meaning set forth in Schedule B.

“Facility” means the Customer’s facilities as described in Schedule A to this Agreement.

“Firm Power” is as defined in the Service Tariff.

“Firm Energy” is as defined in the Service Tariff.

“FERC” means the Federal Energy Regulatory Commission (or any successor organization).

“FERC License” means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.

“Hydropower Curtailment” means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an Adverse Water Condition.

“International Joint Commission” or “IJC” refers to the entity with responsibility to prevent and resolve disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The IJC rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.

“Load Reduction” has the meaning set forth in Section IX.6 of this Agreement.

“Load Serving Entity” (or “LSE”) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

“Metering Arrangement” has the meaning set forth in Section II.8 of this Agreement.

“NYEM” means the New York Energy Manager, an energy management center owned and operated by the Authority.

“NYEM Agreement” means a written agreement between the Authority and the Customer providing for the Facility’s enrollment and Customer’s participation in NYEM.

“NYEM Participation” has the meaning specified in Schedule B of this Agreement.

“NYISO” means the New York Independent System Operator or any successor organization.

“NYISO Charges” has the meaning set forth in Section VII.3 of this Agreement.

“NYISO Tariffs” means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

“Physical Energy Audit” or “Audit” means a physical evaluation of the Facility in a manner approved by the Authority that includes at a minimum the following elements: (a) an assessment of the Facility’s energy use, cost and efficiency which produces an energy utilization index for the Facility (such as an Energy Use Intensity or Energy Performance Indicator); (b) a comparison of the Facility’s index to indices for similar buildings/facilities; (c) an analysis of low-cost/no-cost

measures for improving energy efficiency; (d) a listing of potential capital improvements for improving energy consumption; and (e) an initial assessment of potential costs and savings from such measures and improvements.

“Preservation Power” (or “PP”) consists of 490 megawatts (“MW”) of firm hydroelectric power and associated energy produced by the Authority’s St. Lawrence-FDR Power Project.

“Prior Agreement” has the meaning set forth in the recitals to this Agreement.

“Project” means the Authority’s St. Lawrence-FDR Power Project, FERC Project No. 2000.

“Reporting Year” means the yearly interval that the Authority uses for reporting, compliance and other purposes as specified in this Agreement. The Reporting Year for this Agreement is from January 1 through December 31, subject to change by the Authority without notice.

“Rolling Average” has the meaning set forth in Schedule B.

“Rules” are the applicable provisions of 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 may be modified from time to time by the Authority.

“Service Information” has the meaning set forth in Section II.12 of this Agreement.

“Service Tariff” means the Authority’s Service Tariff No. WNY-20, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

“Schedule A” refers to the Schedule A entitled “Preservation Power Allocations” which is attached to and made part of this Agreement.

“Schedule B” refers to the Schedule B entitled “Supplemental Preservation Power Commitments” which is attached to and made part of this Agreement, including any appendices attached thereto.

“Schedule C” refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

“Schedule D” refers to the Schedule D entitled “Zero Emission Credit Charge” which is attached to and made part of this Agreement.

“Schedule E” refers to the Schedule E entitled “Monthly Renewable Energy Credit Charge” which is attached to and made part of this Agreement.

“Substitute Energy” means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Hydropower Curtailment.

“Takedown” means the portion of the Allocation that Customer requests to be scheduled for a specific period as provided for in Schedule C, if applicable.

“Taxes” is as defined in the Service Tariff.

“Unforced Capacity” (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

“Utility Tariff” means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC that is applicable to the delivery of PP.

ARTICLE II

ELECTRIC SERVICE

1. The Authority will make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, the Service Tariff and the Rules. The Customer is not be entitled to receive Electric Service under this Agreement for any PP allocation unless such PP allocation is identified in Schedule A.
2. The Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation specified in Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.
3. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with the Service Tariff.
4. The provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and the delivery of the Allocation. The Customer acknowledges and agrees that Customer’s local electric utility, not the Authority, is responsible for the delivery of the Allocation to the Facility in accordance with applicable Utility Tariff(s).
5. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as PP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all PP customers receiving Electric Service under the Service Tariff, as applicable, based on the terms of such ruling, order, or decision.
6. The Contract Demand may not exceed the Allocation.

7. The Customer's Facility must be metered by the Customer's local electric utility in a manner that is satisfactory to the Authority, or another metering arrangement satisfactory to the Authority must be provided (collectively, "Metering Arrangement"). A Metering Arrangement that is not satisfactory to the Authority shall be grounds, after notice to the Customer, for the Authority to modify, withhold, suspend, or terminate Electric Service to the Customer. If a Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination that it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. After commencement of Electric Service, the Customer shall notify the Authority in writing within thirty (30) days of any alteration to the Facility's Metering Arrangement, and provide any information requested by the Authority (including Facility access) to enable the Authority to determine whether the Metering Arrangement remains satisfactory. If an altered Metering Arrangement is not made to conform to the Authority's requirements within thirty (30) days of a determination it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days' prior written notice to the Customer. The Authority may, in its discretion, waive any of the requirements provided for in this Section in whole or in part where in the Authority's judgment, another mechanism satisfactory to the Authority can be implemented to enable the Authority to receive pertinent, timely and accurate information relating to the Customer's energy consumption and demand and render bills to the Customer for all fees, assessments and charges that become due in accordance with this Agreement, the Service Tariff, and the Rules.
8. The Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that such parties determine is necessary to provide for the allocation, sale and delivery of the Allocation to the Customer at the Facility, the proper and efficient implementation of the PP program, billing related to Electric Service, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters. In addition, the Customer agrees to complete such forms and consents that the Authority determines are necessary to effectuate such exchanges of information.
9. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement between the Authority and the Customer's local electric utility providing for the delivery of the Allocation on terms and conditions that are acceptable to the Authority.
10. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, execute consents, and provide information (collectively, "Service Information") that the Authority determines is necessary for the provision of Electric Service, the delivery of the Allocation, billing related to Electric Service, the effective administration of the PP program, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide Service Information on a timely basis shall be grounds for the Authority in its discretion to modify, withhold, suspend, or terminate Electric Service to the Customer.

ARTICLE III
RATES, TERMS AND CONDITIONS

1. Electric Service shall be sold to the Customer in accordance with the rates, terms and conditions provided for in this Agreement, the Service Tariff and the Rules.
2. The Service Tariff and the Rules may be amended from time to time by the Authority and, if revised, the revised provisions thereof will apply under this Agreement with the same force and effect as if set forth herein. The Authority shall provide at least thirty (30) days prior written notice to the Customer of any proposed change in the Service Tariff or the Rules. No amendment to the Service Tariff or the Rules shall affect the determination of rates for PP to the Customer during the term of the Agreement except insofar as otherwise authorized by this Agreement. This provision shall not limit the Authority's discretion to determine rates applicable to allocations of power and energy awarded to the Customer beyond or in addition to the Allocation.
3. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.
4. In addition to all other fees, assessments and charges provided for in the Agreement, the Service Tariff and the Rules, the Customer shall be responsible for payment of the Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge provided for in Schedule D and Schedule E, respectively, of this Agreement.

ARTICLE IV
SUPPLEMENTAL COMMITMENTS

1. Supplemental Commitments. Schedule B sets forth the Customer's "Supplemental Preservation Power Commitments" ("Supplemental Commitments"). The Authority's obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer's timely compliance with the Supplemental Commitments described in Schedule B as further provided in this Agreement. The Customer's Supplemental Commitments are in addition to all other commitments and obligations provided in this Agreement.

2. Special Provisions Relating to a New or Expanded Facility.

a. Proposed New or Expanded Facility; Failure to Complete.

If Schedule B provides for the construction of a new facility or an expansion of an existing facility (collectively, “Expansion Project”), and the Customer fails to complete the Expansion Project by the date specified in Schedule B, the Authority may, in its discretion, (a) cancel the Allocation, or (b) if it believes that the Expansion Project will be completed in a reasonable time, agree with the Customer to extend the time for completion of the Expansion Project.

b. Proposed New or Expanded Facility; Partial Performance.

If the Expansion Project results in a completed Facility that is only partially operational, or is materially different than the Expansion Project agreed to in Schedule B (as measured by such factors as size, capital investment expenditures, capital improvements, employment levels, estimated energy demand and/or other criteria determined by the Authority to be relevant), the Authority may, in its discretion, on its own initiative or at the Customer’s request, make a permanent reduction to the Allocation and Contract Demand to an amount that the Authority determines to fairly correspond to the completed Facility.

c. Notice of Completion; Commencement of Electric Service.

- (i) The Customer shall give the Authority not less than ninety (90) days’ advance written notice of the anticipated date of completion of an Expansion Project. The Authority will inspect the Expansion Project for the purpose of verifying the status of the Expansion Project and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time subject to the other provisions of this Agreement based on applicable operating procedures of the Authority, Customer’s local electric utility and NYISO.
- (ii) In the event of an Expansion Project being completed in multiple phases, at the Customer’s request the Authority may, in its discretion, allow commencement of part of the Allocation upon completion of any such phase, provided the Authority will similarly inspect the Expansion Project for the purpose of verifying the status of the completed phase of the Expansion Project. Upon such verification by the Authority of any such completed phase, the Authority, in its discretion, will determine an amount of kW that fairly corresponds to the completed phase of the Expansion Project, taking into account relevant criteria such as any capital expenditures, increased employment levels, and/or increased electrical demand associated with the completed phase of the Expansion Project.

d. Other Rights and Remedies Unaffected.

Nothing in this Article is intended to limit the Authority's rights and remedies provided for in the other provisions of this Agreement, including without limitation the provisions in Schedule B of this Agreement.

ARTICLE V
ENERGY-RELATED PROJECTS, PROGRAMS AND SERVICES

The Authority shall periodically communicate with the Customer for the purpose of informing the Customer about energy-related projects, programs and services ("Energy Services") offered by the Authority that in the Authority's view could provide value to the Customer and/or support the State's Clean Energy Standard. The Customer shall review and respond to all such offers in good faith, provided, however, that, except as otherwise provided for in this Agreement, participation in any such Energy Services shall be at the Customer's option, and subject to such terms and conditions agreed to by the Parties in one or more definitive agreements.

ARTICLE VI
SERVICE TARIFF; CONFLICTS

1. A copy of the Service Tariff is attached to this Agreement as Exhibit 1 and shall apply under this Agreement with the same force and effect as if fully set forth herein. The Customer consents to the application of the Service Tariff.
2. In the event of any inconsistencies, conflicts, or differences between the provisions of the Service Tariff and the Rules, the provisions of the Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariff or the Rules, the provisions of this Agreement shall govern.

ARTICLE VII
TRANSMISSION AND DELIVERY

1. The Customer shall be responsible for:
 - a. complying with all requirements of its local electric utility (including any other interconnecting utilities) that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff;
 - b. paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff, and if the Authority incurs any charges associated with such delivery service, reimbursing the Authority for all such charges; and
 - c. obtaining any consents and agreements from any other person that are necessary for the delivery of the Allocation to the Facility, and complying with the requirements of any such person, provided that any such consents, agreements and requirements shall be subject to the Authority's approval.

2. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in the Service Tariff or any successor service tariff, regardless of whether such NYISO Charges are transmission-related.

ARTICLE VIII

BILLING AND BILLING METHODOLOGY

1. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.
2. Except as otherwise provided in this Agreement, all other provisions with respect to billing are set forth in the Service Tariff and the Rules.
3. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

ARTICLE IX

HYDROPOWER CURTAILMENTS AND SUBSTITUTE ENERGY

1. In the event of an Adverse Water Condition, the Authority will have the right in its discretion to implement Hydropower Curtailments. The Authority will implement Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project.
2. In the event of a Hydropower Curtailment, the Authority will provide Substitute Energy to the Customer and the Customer shall pay for such Substitute Energy. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO.
3. For each kilowatt-hour of Substitute Energy provided by the Authority during a Hydropower Curtailment, the Customer shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Hydropower Curtailments shall be governed by the provisions of the Service Tariff relating to the rendition and payment of bills for Electric Service.
4. The Authority shall be under no obligation to deliver, and will not deliver, any such curtailed energy to the Customer in later billing periods.

5. The Authority may require the Customer to enter into a separate agreement relating to the provision and sale of Substitute Energy. The provisions of this Agreement will remain in effect notwithstanding the existence of any such separate agreement.

ARTICLE X
EFFECTIVENESS, TERM AND TERMINATION

1. This Agreement shall become effective and legally binding on the Parties on the Effective Date.
2. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (a) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (b) termination by the Authority pursuant to this Agreement, the Service Tariff, or the Rules; or (c) expiration of the Allocation by its own term as specified in Schedule A.
3. The Customer may exercise a partial termination of the Allocation upon at least sixty (60) days' prior written notice to the Authority. The Authority will effectuate the partial termination as soon as practicable after receipt of such notice taking account of the Authority's internal procedures and requirements of the Customer's local electric utility.
4. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, the Service Tariff, or the Rules.

ARTICLE XI
EXTENSIONS OF ALLOCATION; AWARD OF ADDITIONAL ALLOCATIONS

1. The Customer may apply to the Authority for an extension of the term of the Allocation identified in Schedule A:
 - a. during the thirty-six (36) month period immediately preceding the scheduled expiration of the Allocation;
 - b. pursuant to any other process that the Authority establishes; or
 - c. with the Authority's written consent.
2. Upon proper application by the Customer, the Authority may in accordance with applicable law and Authority procedures award additional allocations of PP at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (a) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (b) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified

Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

3. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for extension of the Allocation or additional allocations and consider the terms and conditions that should be applicable of any extension or additional allocations.

ARTICLE XII

NOTICES

1. Notices, consents, authorizations, approvals, instructions, waivers or other communications provided in this Agreement shall be in writing and transmitted to the Parties as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: ContractDocs@nypa.gov
Facsimile: (914) 390-8156
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Empire State Mines, LLC,
408 Sylvia Lake Road,
Gouverneur, New York, 13642
Email:
Facsimile: _____
Attention: Director - Finance, Procurement, IT,

Deleted: CWT Farms International, Inc.¶

Deleted: 20835 Alexander Drive¶

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Deleted: Watertown

Deleted: 13601

Deleted: President

2. The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XII.1.
3. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (a) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (b) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (c) if delivered by hand, with written confirmation of receipt; (d) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (e) on the date of transmission if sent by electronic communication to the appropriate address as set forth above, with confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

ARTICLE XIII
SUCCESSORS AND ASSIGNS; RESALE OF HYDROPOWER

1. This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto, provided that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party, which consent shall not be unreasonably withheld or conditioned. Notwithstanding the foregoing sentence, the Authority may require such approvals, and such consents and other agreements from the Customer and other parties, that the Authority determines are necessary in order to effectuate any such assignment.
2. The Customer may not transfer any portion of the Allocation to any other person, or a location different than the Facility, unless: (a) the Authority in its discretion authorizes the transfer Authority; (b) all other requirements applicable to a transfer, including board approvals, are satisfied; and (c) the transfer is effectuated in a form and subject to such terms and conditions approved by the Authority. Any purported transfer that does not comply with the foregoing requirements shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service or terminate the Allocation and/or this Agreement.
3. The Customer may not sell any portion of the Allocation to any other person, allow any other person to use any portion of the Allocation, or allow any other person to interconnect to the Facility. Any purported sale shall be invalid and any violation of this provision shall constitute grounds for the Authority in its discretion to suspend Electric Service, or terminate the Allocation and/or this Agreement.

ARTICLE XIV
MISCELLANEOUS

1. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a) and rulings by the IJC and without regard to conflicts of law provisions.

2. Venue

The Parties: (a) consent to the exclusive jurisdiction and venue of any state court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement; (b) agree to accept service of process; and (c) will not raise any argument of inconvenient forum.

3. Previous Agreements; Modifications; and Interpretation

- a. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of the Allocation and the subject matter of the Agreement, and

supersedes all previous communications and agreements between the Parties, oral or written, with reference to the sale of the Allocation.

- b. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.
- c. No provision shall be construed against a Party on the basis that such Party drafted such provision.

4. Waiver

Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

5. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof. Notwithstanding the preceding sentence, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

ARTICLE XV
EXECUTION

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement as a PDF or similar file type transmitted via electronic mail, cloud based server, e-signature technology or similar electronic means shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

EMPIRE STATE MINES, LLC

Deleted: CWT FARMS INTERNATIONAL, INC.

By: _____

Title: _____

Date: _____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: John R. Koelmel, Chairman

Date: _____

SCHEDULE A
PRESERVATION POWER ALLOCATIONS

Customer: ~~Empire State Mines, LLC~~				
Type of Allocation	Allocation Amount (kW)	Facility and Address	Trustee Approval Date	Allocation Expiration Date
Preservation Power	~~2,000~~ kW	~~408 Sylvia Lake Road~~ ~~Gouverneur, NY 13642~~	~~December 9, 2025~~	Ten (10) years from the date of commencement of Electric Service

Deleted: CWT Farms International, Inc.

Deleted: 20835 Alexander Drive ¶

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SCHEDULE B
SUPPLEMENTAL PRESERVATION POWER COMMITMENTS

ARTICLE I
SPECIFIC SUPPLEMENTAL COMMITMENTS

1. Employment Commitments

- a. The Customer shall create and maintain the employment level set forth in the Appendix to this Schedule B (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (a) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (b) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.
- b. The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.
- c. The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority’s discretion.

2. Capital Investment Commitments

The Customer shall make the capital investments specified in the Appendix to this Schedule B.

3. Power Utilization

For each month the Authority provides Electric Service to the Customer, the Customer shall utilize the entire Allocation, as represented by the Billing Demand (as such term is described in the Service Tariff), provided, however, that if only part of the Allocation is being utilized in accordance with Schedule C, the Customer shall utilize such partial amount of the Allocation.

4. Energy Efficiency and Conservation Program

- a. The Customer shall implement an energy efficiency and conservation program at the Facility through either (a) enrollment of the Facility and participation in NYEM in accordance with a NYEM Agreement, or (b) one or more Physical Energy Audits of the Facility, or (c) a combination of such measures, in accordance with the provisions of this Article.
- b. The Authority shall transmit to the Customer a NYEM Agreement and an election form. The Customer shall elect to either (a) enroll the Facility and participate in NYEM for a three-year term ("NYEM Participation") in accordance with the NYEM Agreement, or (b) perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority's communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit within three (3) years of the Effective Date of this Agreement, at its own expense.
- c. The Authority shall, on or before the expiration of the three-year term of the NYEM Agreement, transmit to the Customer a NYEM Agreement specifying the terms and conditions that would apply to NYEM participation for a second term, and an election form. The Customer shall elect either (a) NYEM Participation for a second term, or (b) to perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority's communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit during the calendar year that begins six years after of the Effective Date of this Agreement, at its own expense.
- d. The Authority may in its discretion waive the requirement for a Physical Energy Audit, or may agree to a limited energy audit of the Facility, where it determines that the Physical Energy Audit is unnecessary based on the age of the Facility, energy efficiency and conservation improvements made at the Facility, the length of the Allocation, or other considerations the Authority determines to be relevant.

ARTICLE II
RECORDKEEPING, REPORTING AND FACILITY ACCESS

1. Employment

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

2. Capital Investments

The Customer shall comply with the recordkeeping, recording and reporting requirements specified in the Appendix to this Schedule B.

3. Power Usage

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement.

4. Energy Efficiency and Conservation Program

Upon the Authority's request, the Customer shall provide the Authority with (a) a copy of the results of any Physical Energy Audit performed at the Facility (or, at the Authority's option, a report describing the results), performed pursuant to this Article; and (b) a description of any energy efficiency or conservation measures that the Customer has implemented at the Facility in response to any Physical Energy Audit or as a result of NYEM Participation.

5. Facility Access

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the

Authority deems necessary to determine the Customer's compliance with the Customer's Supplemental Commitments specified in this Schedule B.

ARTICLE III

COMPLIANCE ACTION BY THE AUTHORITY

1. Employment

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in the Appendix to this Schedule B for the subject calendar year, the Authority may reduce the Contract Demand in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

2. Capital Investment Commitment

The Authority may reduce the Contract Demand as provided in the Appendix to this Schedule B if the Customer does not comply with the Capital Investment Commitment.

3. Power Utilization Level

If the average of the Customer's six (6) highest Billing Demands (as such term is described in the Service Tariff) for Preservation Power is less than 90% of the Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to in accordance with the procedures provide in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

4. Additional Compliance Action

In addition to the Authority's other rights and remedies provided in this Agreement, the Service Tariff and the Rules, the Authority may suspend Electric Service to the Customer if the Customer does not comply with any of the requirements in Section I.4 or Article II of this Schedule B.

5. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to Sections III.1, III.2, or III.3 of this Schedule B, the Authority shall provide the Customer with at least thirty (30) days prior written notice of the proposed reduction, specifying the amount and reason for the reduction. Before implementing any reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance, Facility upgrade periods, and the business cycle. If, at the end of the thirty (30) day notice period, the Authority determines that a reduction is warranted, it shall provide the Customer with notice of such determination and provide the Customer with sixty (60) days to present a proposed plan with actionable milestones to cure the deficiency. The Authority shall respond to the Customer concerning the acceptability of any proposed plan that is provided in accordance with this Section III.5 within thirty (30) days of the Authority's receipt of such proposed plan. It shall be within the Authority's discretion whether or not to accept the Customer's proposed plan, require a different plan, or implement the reduction of the Contract Demand.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least ~~108~~ full-time, permanent employees (“Base Employment Level”) at the Customer’s Facility within three (3) years of commencement of Electric Service. The Base Employment Level shall be maintained thereafter for the term of the Allocation through the Allocation Expiration Date specified for PP Allocation 1 in Schedule A in accordance with Article I of Schedule B.

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CAPITAL INVESTMENT COMMITMENTS

1. Annual Capital Investment Commitment (if applicable, as specified below)

- a. Each Reporting Year, the rolling average of the annual capital investments made by the Customer at the Facility (“Rolling Average”) shall total not less than ~~\$3,600,000~~ (the “Annual Capital Investment Commitment”). For purposes of this provision, “Rolling Average” means the three-year average comprised of (1) the total amount of capital investments (“Annual CI Expenditures”) made by the Customer at the Facility during the current Reporting Year, and (2) the Annual CI Expenditures made by the Customer at the Facility during the two prior Reporting Years.
- b. Each year, the Customer shall record its Annual CI Expenditures for purposes of enabling the Authority to determine and verify the Rolling Average, which shall be provided to the Authority in a form specified by the Authority on or before the last day of February following the end of the most recent calendar year.
- c. If the Customer’s Rolling Average as determined by the Authority is less than 90% of its Annual Capital Investment Commitment for the Reporting Year, the Contract Demand may be reduced by the Authority in accordance with the procedures provided in Section III.5 of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the Rolling Average divided by the Annual Capital Investment Commitment. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

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2. Expansion Project–Capital Investment Commitment (if applicable, as specified below)

- a. The Customer shall make a minimum capital investment of ~~N/A~~ to construct, furnish and/or expand the Facility (“Expansion Project Capital Investment Commitment”). The Expansion Project Capital Investment Commitment is expected to consist of the following approximate expenditures on the items indicated:

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DESCRIPTION	EXPENDITURE	
~~Line item 1~~	~~N/A~~	~~Deleted: New facility construction costs~~
~~Line item 2~~	~~N/A~~	~~Deleted: \$ 12,000,000~~
Total Minimum Expansion Project Capital Investment Commitment:	~~N/A~~	~~Deleted: Machinery and equipment purchases~~
		~~Deleted: \$ 4,000,000~~
		~~Deleted: <u>\$ 16,000,000</u>~~

- b. The Expansion Project Capital Investment Commitment shall be made, and the Facility shall be completed and fully operational, no later than ~~December 9, 2028~~ (i.e., within three (3) years of the date of the Authority's award of the Allocation). Upon request of the Customer, such date may be extended in the discretion of the Authority.

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SCHEDULE C
TAKEDOWN SCHEDULE

SCHEDULE D
ZERO EMISSION CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. WNY-2, or in the Rules.

“Affected LSEs” has the meaning provided in Section II.2 of this Schedule D.

“CES Order” means the Order issued by the PSC entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“PP Program ZEC Costs” has the meaning provided in Section II.4.b of this Schedule D.

“Government Action” has the meaning provided in Section II.8 of this Schedule D.

“Load Serving Entity” or “LSE” has the meaning provided in the CES Order.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the PP power program as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Zero Emission Credit” or “ZEC” has the meaning provided in the CES Order.

“Zero Emission Credit Charge” or “ZEC Charge” means the charge to the Customer established in this Schedule D.

“ZEC Purchase Obligation” has the meaning provided in Section II.2 of this Schedule D.

“ZEC Program Year” has the meaning provided in Section II.2 of this Schedule D.

II. ZEC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of the Service Tariff or the Rules, the Customer shall be subject to a ZEC Charge as provided in this Schedule D. The ZEC Charge shall be in addition to all other charges, fees and assessments provided for in the Agreement, the Service Tariff and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the ZEC Charge.
2. As provided in the CES Order, the Public Service Commission, as part of the CES and Tier 3 of the Renewable Energy Standard, imposed an obligation on Load Serving Entities that are subject to the CES Order (“Affected LSEs”) to purchase Zero Emission Credits from NYSERDA in an amount representing the Affected LSE’s proportional share of ZECs calculated on the basis of the amount of electric load the LSE serves in relation to the total electric load served by all Load Serving Entities in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes in the State (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).
3. The ZEC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of supporting the CES and Tier 3 of the RES and implementing the PP power program in a manner that is consistent with the New York State Energy Plan. The Authority will comply with the CES and Tier 3 of the RES by applying a form of ZEC Purchase Obligation to the end-user load for which the Authority serves as a load serving entity, including the load that the Authority serves under the PP power program.
4. The ZEC Charge, which is intended to recover from the Customer costs that the Authority incurs for purchasing ZECs in quantities that are attributable to the Customer’s PP load served under this Agreement, will be determined and assessed to the Customer as follows:
 - a. The cost of the total ZEC Purchase Obligation for all LSEs in the New York Control Area, including the Authority as a participating load serving entity, will be assessed pursuant to the methodology provided in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA based on the proportion of the forecasted total kilowatt-hours load served by the Authority (i.e., total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as

provided in the CES Order. The ZEC Purchase Obligations may be based on initial load forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

- b. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as load serving entity, including the PP load that it serves (the “PP Program ZEC Costs”). Such allocation will be based on the forecasted kilowatt-hours load of the PP program to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for each ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of ZEC Purchase Obligations will be allocated to the PP power program based on the proportion of the actual annual kilowatt-hours load served under such programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
 - c. The Authority will allocate a portion of the PP Program ZEC Costs to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the PP purchased by the Customer to total kilowatt-hours load served by the Authority under the PP power program (i.e., PP Program level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation referenced above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the PP power program by the Authority (PP Program level load). The ZEC Charge assessed to the Customer shall not include any costs resulting from the Authority’s inability to collect a ZEC Charge from any other Authority customer.
5. The Authority may, in its discretion, include the ZEC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the ZEC Charge pursuant to another Authority-established procedure.
6. The Authority may, in its discretion, modify the methodology used for determining the ZEC Charge and the procedures used to implement such ZEC Charge on a nondiscriminatory basis among affected PP customers, upon consideration of such matters as Public Service Commission orders modifying or implementing the CES Order, guidance issued by the New York Department of Public Service, and other information that the Authority reasonably determines to be appropriate to the determination of such methodology. The Authority shall provide Customer with reasonable notice of any modifications to the methodology or procedures used to determine and implement the ZEC Charge.
7. Nothing in this Schedule shall limit or otherwise affect the Authority’s right to charge or collect from the Customer any rate, charge, fee, assessment, or tax

provided for under any other provision of the Agreement, or any provision of the Service Tariff, or the Rules.

8. If the ZEC Purchase Obligation is modified or terminated by the Public Service Commission or other controlling governmental authority (collectively, “Government Action”), the Authority shall modify or terminate the ZEC Charge, and assess any additional charges or provide any credits to the Customer, to the extent that the Authority determines such actions to be appropriate based on such Government Action.

SCHEDULE E
MONTHLY RENEWABLE ENERGY CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in the Service Tariff No, or in the Rules.

“Alternative REC Compliance Program” has the meaning provided in Section III.1 of this Schedule E.

“Annual REC Percentage Target” has the meaning provided in Section II.2 of this Schedule E.

“CES Order” means the Order issued by the Public Service Commission entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Clean Energy Standard” or “CES” means the Clean Energy Standard adopted by the State in the CES Order.

“Load Serving Entity” has the meaning provided in the CES Order.

“Mandatory Minimum Percentage Proportion” has the meaning provided in the CES Order.

“Monthly Renewable Energy Credit Charge” or “Monthly REC Charge” means the monthly charge to the Customer established in this Schedule E.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Credit” or “REC” refers to a qualifying renewable energy credit as described in the CES Order.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the PP power program as authorized in the Power Authority Act.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“REC Compliance Measures” mean: (1) the Authority’s procurement of RECs from NYSERDA in accordance with NYSERDA procedures and/or the CES Order; (2) the Authority’s procurement of RECs from available REC markets; (3) the Authority’s procurement of RECs from sources other than those identified in items (1) and (2) of this definition, including through a procurement process adopted by the Authority; and/or (4) any other measure that the PCS authorizes a Load Serving Entity to implement for the purpose of meeting the applicable Mandatory Minimum Percentage Proportion.

“Total Monthly PP Load” has the meaning provided in Section II.3.b of this Schedule E

“Total Monthly REC Costs” has the meaning provided in Section II.3.b of this Schedule E.

II. MONTHLY REC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of the Service Tariff, or the Rules, the Customer shall be subject to a Monthly REC Charge as provided in this Schedule E. The Monthly REC Charge is in addition to all other charges, fees and assessments provided in the Agreement, the Service Tariff and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the Monthly REC Charge.
2. The Monthly REC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of complying with the CES and Tier 1 of the RES and implementing the PP power program in a manner that is consistent with the New York State Energy Plan, pursuant to which the Authority will invest in new renewable generation resources to serve its PP customers. Such investments will be made through the procurement of RECs through REC Compliance Measures in quantities that are intended to address the annual Mandatory Minimum Percentage Proportions as applied by the Authority to the total PP load that the Authority will serve each calendar year (the “Annual REC Percentage Target”) for the purpose of ultimately meeting the RES.
3. The Monthly REC Charge, which is intended to recover from the Customer costs that the Authority incurs for implementing REC Compliance Measures that are attributable to the Customer’s PP load served under this Agreement, will be determined and assessed to the Customer as follows:

- a. The Authority shall have the right, for each calendar year to implement such REC Compliance Measures as it determines in its discretion to be appropriate for the purpose of meeting the Annual REC Percentage Target for the total PP load that it will serve during such calendar year.
- b. The Authority will, for each month of each calendar year, calculate the total costs ("Total Monthly REC Costs") that the Authority has incurred or estimates that it will incur from implementing RES Compliance Measures for the purpose of meeting the Annual REC Percentage Target for the total PP kilowatt-hour load for the month ("Total Monthly PP Load"). The Total Monthly REC Costs may be calculated based on forecasts of the Total Monthly PP Load that the Authority expects to serve for the month, or on a lagged basis based on the actual Total Monthly PP Load that the Authority served for the month.
- c. Each month, the Authority will assess to the Customer, as a Monthly REC Charge, which will represent the Customer's share of the Total Monthly REC Costs assessed to the Total Monthly PP Load. The Monthly REC Charge will be assessed as the proportion of the Customer's total kilowatt-hours load served by the Authority for such month to the Total Monthly PP Load served by the Authority for such month, provided, however, that:
 - i. the Monthly REC Charge to the Customer shall not include any costs associated with the Authority's inability to collect the Monthly REC Charge from other Authority customers; and
 - ii. the effective per-MWh rate of the Monthly REC Charge to the Customer averaged over the REC Program Year to which the Annual REC Percentage Target applies shall not exceed the per-MWh rate of a Monthly REC Charge based on NYSERDA's published REC price for the REC Program Year.
4. The Authority may, in its discretion, include the Monthly REC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the Monthly REC Charge pursuant to another Authority-established procedure.
5. The Authority will, at the conclusion of each calendar year in which it assesses a Monthly REC Charge, conduct a reconciliation process based on the actual costs that it incurred for REC Compliance Measures and actual load served for the year, compared with cost or load estimates or forecasts, if any, that the Authority used to calculate the Customer's Monthly REC Charges during the year. The Authority will issue a credit, or an adjusted final charge for the year, as appropriate, based on the results of such reconciliation process. Any such final charge shall be payable within the time frame applicable to the Authority's bills for Electric Service under this Agreement or pursuant to any other procedure established by the Authority pursuant to Section II.4 of this Schedule E.

6. Notwithstanding the provisions of Section II.3 of this Schedule E, if Electric Service for the Allocation is commenced after the Authority has implemented REC Compliance Measures for the year in which such Electric Service is commenced, and as a result the Customer's load cannot be accounted for in such REC Compliance Measures, the Authority may in its discretion implement separate REC Compliance Measures in order to meet the Annual REC Percentage Target for Customer's load for the year, and bill the Customer for the costs associated with such separate REC Compliance Measures.
7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of the Service Tariff, or the Rules.

III. ALTERNATIVE REC COMPLIANCE PROGRAM

1. Nothing in this Schedule E shall be construed as preventing the Parties from entering into other agreements for an alternative arrangement for the Authority to meet the Annual REC Percentage Target with respect to the Customer's Allocation, including but not limited to Customer self-supply of RECs, alternative REC compliance programs and cost allocation mechanisms, in lieu of the Monthly REC Charge provided in this Schedule E (collectively, "Alternative REC Compliance Program").
2. The Authority shall communicate at least biennially with the Customer concerning implementation of the RES Compliance Program and potential Alternative REC Compliance Programs, if any, that the Authority is offering or expects to offer.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Extension of Operational Support and Maintenance Support Program for the Authority's Energy Efficiency Customers

SUMMARY

The Board of Trustees will be requested at their December 9, 2025, meeting to authorize an amendment to the Operational Support and Maintenance Support Program for Energy Efficiency Customers ("O&M Program") approved by the Trustees on January 29, 2020 as an offering under the Authority's Energy Efficiency Program ("EEP"), by increasing the current five (5) year limitation on the duration of services provided upon completion of a project under the EEP by an additional five (5) years.

The O&M Program is an energy-related service designed to assist in the maintenance and operation of equipment installed through the EEP, thereby extending the lifespan of the equipment and continuing to achieve energy savings resulting from the efficient use of the equipment. The O&M Program is funded from amounts authorized by the Trustees for the Authority's EEP, and the cost of the O&M Program are recovered directly from the Authority's customers through a program fee.

BACKGROUND

Under the O&M Program, the Authority offers preventative and unscheduled maintenance support services on (i) equipment that NYPA has installed through the EEP, and (ii) related or supporting equipment, systems, or infrastructure that directly interface with, supply, control, or are otherwise reasonably necessary for the continued operation of equipment installed through the EEP. Maintenance support includes extended training, spare parts procurement, inspections, major equipment service contracts, calibration, testing, and preventative measures.

As a result of the services provided under the O&M Program, customers maintain energy savings, extend equipment life, ensure reliable operation with skilled staff, and smoothly transition out of the construction phase while continuing to work with the Authority. The Authority offers operational support by providing qualified staff, and maintenance services, while the customer remains fully responsible to approve, supervise, and direct the staff as specified in the executed CPC. The customer also retains care, custody, and control of the equipment. This arrangement ensures that the Authority does not assume responsibility for operating the customers' systems.

As authorized by the Trustees, the current O&M Program offers customers an option for maintenance and operational support for newly installed energy efficient projects for a maximum duration of five (5) years from the completion of a project. Existing O&M Program agreements with customers that contracted with the Authority for these services will start to lapse in September 2026, with no mechanism for renewal.

DISCUSSION

Since the approval of the O&M Program on January 29, 2020, the customer response has been positive, with over 120 agreements signed, and routinely requested renewals by our customers. The customer's preference for the program is clear and allowing an extended duration for providing the O&M Program services will enable our customers to continue to benefit.

For this reason, the Trustees are requested to authorize an amendment to the current O&M Program increasing the existing year limitation on the duration of services by an additional five (5) years per project, allowing for a total duration of ten (10) years post project completion for the Authority to provide O&M Program services per project delivered under the EEP.

FISCAL INFORMATION

The extended duration for providing services under the O&M Program will be made available to customers participating in the Authority's EEP and will be funded from the amounts authorized for the Authority's EEP. Funding for the Authority's EEP is provided from the Authority's operating funds and/or from the proceeds of the Authority's commercial paper notes or other financing instruments, as deemed appropriate. All Authority costs, including Authority overheads, for the O&M Program will be recovered from the customers.

RECOMMENDATION

The Senior Vice President of Customer Solutions, the Sr. Director of Marketing and Business Development, and the Vice President of Customer Project Delivery recommend that the Trustees approve an amendment to the current O&M Program increasing the current five (5) year limitation on the duration of services by an additional five years (5) per project, to allow for a total duration of ten (10) years post project completion of maintenance services per project delivered under the Authority's Energy Efficiency Program.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll

President and Chief Executive Officer

RESOLUTION

RESOLVED, that the Trustees approve the amendment to the Operational Support and Maintenance Program by increasing the current five (5) year limitation on the duration of services provided under the Operational Support and Maintenance Program by an additional five (5) years per project, to allow for a total duration of ten (10) years of services provided per project, consistent with Public Authorities Law 1005 (17).; and be it further

RESOLVED, that the Trustees authorize the President and Chief Executive Officer, the Senior Vice President - Customer Solutions, the Sr. Director of Marketing and Business Development, and the Vice President of Customer Project Delivery and or such officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority and eligible participants of the Energy Efficiency Program as well as execute agreements and other documents with contractors, whereby such agreements have terms and conditions approved in the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



Date: December 9, 2025

To: Board of Trustees

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: **Recommendation for the Award of Fund Benefits from the Western New York Economic Development Fund by the Western New York Power Proceeds Allocation Board**

SUMMARY

The Trustees are requested to: (1) accept the recommendation of the Western New York Power Proceeds Allocation Board (the "Allocation Board" or "WNYPPAB") and make an award of Fund Benefits from the Western New York Economic Development Fund to Balthasar Industries LLC. ("Balthasar") and Professional Plastics LLC d/b/a Professional Plastics East ("Professional Plastics") as more fully described in Exhibits "A", "A-1" and "A-2", in the amounts indicated on the Exhibits and for the reasons discussed below and in the Exhibits; and (2) authorize the other actions described herein with respect to such applicants and the recommended award.

BACKGROUND

1. Western New York Power Proceeds Allocation Act

The Western New York Power Proceeds Allocation Act (the "Act") was signed into law on March 30, 2012. The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund (the "Fund"). The Fund consists of the aggregate excess revenues received by the Authority from the sale of Expansion Power ("EP") and Replacement Power ("RP") produced at the Niagara Power Project that were sold in the wholesale energy market in excess of what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract.

Under the Act, an "eligible applicant" is a private business, including a not-for-profit corporation. The term "eligible projects" is defined to mean "economic development projects by eligible applicants that are physically located within the State of New York within a thirty-mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments." Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York State; support for tourism and marketing and advertising efforts for Western New York State tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses, as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. Generally, Fund Benefits are disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project. Occasionally, Fund Benefits may be disbursed in advance for proposed eligible expenditures to be incurred by the Eligible Applicant for an Eligible Project, when NYPA determines this approach is appropriate. In such cases, NYPA must authorize the approach in advance, and proposed expenses must be appropriately documented.

At least fifteen percent (15%) of Fund Benefits must be dedicated to eligible projects which are "energy-related projects, programs and services," which is defined to include: energy efficiency projects and services; clean energy technology projects and services; and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.

Allocations of Fund Benefits may only be made based on the amount of money that has been deposited into the Fund. No award may encumber future funds that have been received but not deposited in the Fund.

2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, evaluating the merits of applications for Fund Benefits, and making recommendations to NYPA regarding Fund Benefit awards. The Allocation Board uses the criteria applicable to EP, RP and PP, and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, the Allocation Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed. A copy of these criteria (collectively, "Program Criteria"), adapted from the Allocation Board's "Procedures for the Review of Applications for Fund Benefits," is attached as Exhibit "B."

The Allocation Board met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, the Allocation Board defined "retail business" to mean a business that is primarily engaged in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has the discretion as to whether to adopt the Allocation Board's recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to

include within the contract covering an award ("Award Contract") such other terms and conditions the Authority deems appropriate.

3. Application Process

To provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board established a schedule of dates through the end of 2025 during which the Allocation Board would consider applications. At this time, applications are being accepted on a rolling basis. In addition, the application process has been promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation, and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by NYPA.

DISCUSSION

At its October 29, 2025, meeting, the Allocation Board considered applications from the Balthasar and Professional Plastics .

As detailed in Exhibit "A-1", Balthasar seeks funds to support an expansion. Currently, Balthasar operates in a 7,000-square-foot facility in Rochester, NY and plans to expand by relocating to a new 37,000-square-foot location in North Tonawanda. The Company plans to acquire and upgrade the new building, as well as invest in new advanced Computer Numerical Control (CNC) machinery and software. Balthasar would spend approximately \$1.4 million to complete its project.

As detailed in Exhibit "A-2", Professional Plastics seeks funds to support its strategic expansion at its Orchard Park facility to meet growing demand from the semiconductor industry. The project will focus on critical building, electrical, and cleanroom infrastructure upgrades, including: (1) expanding electrical capacity from 800 amps to 2,000 amps (480/277v), including installation of a new pad-mount transformer, a 15kV transformer vault, and the relocation of electrical service underground to improve safety and reliability and (2) constructing a semiconductor-grade cleanroom, along with installing ultrasonic part cleaning systems and expanded CNC machining capacity. Professional Plastics would spend approximately \$2.9 million to complete its project.

The Allocation Board staff analyzed the applications and prepared award recommendations for the Allocation Board's consideration based on eligibility requirements and Program Criteria. A copy of the recommendation memorandum provided to the Allocation Board for the projects is attached as Exhibits "A-1" and "A-2". The applications have also been made available to the Trustees for review.

The Allocation Board has recommended that the applicants receive Fund Benefit awards in the amounts indicated on Exhibits "A", "A-1" and "A-2". Given the nascent stage of the proposed projects, it was not practical to recommend the definitive terms and conditions that would be applicable to the awards and memorialized in Award Contracts between the Authority and a successful applicant.

If an applicant receives a Fund Benefit award, it is anticipated that Authority staff will negotiate final terms and conditions with the successful applicant after receiving more detailed information concerning the project and proposed schedules. An Award Contract may include scheduled payments tied to commitment milestones, such as employment creation and retention. In addition, staff anticipates that an Award Contract will include provisions for periodic audits of the successful applicant to determine contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursed if the applicant fails to maintain agreed-upon commitments, such as, among other things, employment levels or project milestone due dates.

RECOMMENDATION

The Senior Vice President, Clean Energy Solutions, recommends that:

- (1) the Trustees accept the recommendation of the Allocation Board and make awards of Fund Benefits to the Balthazar and Professional Plastics in the amounts identified in Exhibits "A", "A-1" and "A-2", conditioned upon an agreement to be negotiated with each applicant on the final terms and conditions applicable to the award. Such terms will be included in an Award Contract approved by the President and Chief Executive Officer, or their designee, and approved by the Executive Vice President and General Counsel, or such official's designee, as to form;
- (2) the Executive Vice President and Chief Operating Officer, or such official's designee, be authorized to negotiate with each applicant concerning such final terms and conditions that will be applicable to the awards; and
- (3) the Senior Vice President for Customer Solutions, or such official's designee, be authorized to execute on behalf of the Authority an Award Contract for the awards listed on Exhibits "A", "A-1" and "A-2" subject to the foregoing conditions.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

WHEREAS, The Western New York Power Proceeds Allocation Board ("Allocation Board") has recommended that the Authority make an award of Fund Benefits from the Western New York Economic Development Fund to Balthazar Industries LLC and Professional Plastics LLC d/b/a Professional Plastics East, for the reasons set forth in the accompanying Memorandum of the President and Chief Executive Officer ("Memorandum") and the other information referred to therein;

NOW THEREFORE BE IT RESOLVED, that the Authority hereby accepts the recommendation of the Allocation Board and awards Fund Benefits to Balthazar Industries LLC and Professional Plastics LLC d/b/a Professional Plastics East in the amounts recommended in the attached Memorandum, for the reasons set forth in the attached Memorandum and other information referred to therein, provided, however, that (i) if an application proposes a project that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before it may proceed, such award shall not be made until Staff, on behalf of the Board of Trustees, receives appropriate notification that such legal approvals and/or requirements that are necessary for the project(s) to proceed have been satisfied, and (ii) such award shall be subject to further review by the Board of Trustees in the event that such approvals and/or legal requirements are not satisfied; and provided further that the awards are conditioned upon agreements between the Authority and Balthazar Industries LLC and the Authority and Professional Plastics LLC d/b/a Professional Plastics East, on the final terms and conditions that would be applicable to the awards, as set forth in a written award contract ("Award Contract") between the Authority and the applicants, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or such official's designee, as to form; and be it further

RESOLVED, That the Executive Vice President and Chief Operating Officer, or such official's designee, is authorized to negotiate with the applicants concerning such final terms and conditions applicable to the awards; and be it further

RESOLVED, That the Senior Vice President for Customer Solutions, or such official's designee, is authorized to execute, on behalf of the Authority, an Award Contract for these awards, subject to the forgoing conditions; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Senior Vice President for Customer Solutions, and any other officer of the Authority, are each hereby authorized to take any and all actions, and to execute and deliver any and all agreements, certificates and other documents, on behalf of the Authority, as may be necessary or appropriate to effectuate the foregoing resolutions.

Applications for Proceeds and Fund Recommendations

Line	Business	City	County	Economic Development Region	Project Description	Project Type	Recommended Award Amount	Total Project Cost	Jobs Retained	Jobs Created
1	Balthasar Industries LLC	North Tonawanda	Niagara	Western NY	Business Expansion	Business Investment	\$90,000	\$1,485,167	1	3
2	Professional Plastics LLC d/b/a Professional Plastics East	Orchard Park	Erie	Western NY	Business Expansion	Business Investment	\$539,100	\$2,995,000	0	49
Total:							\$629,100	\$4,480,167	1	52

Total Jobs Created & Retained: 53

Western New York Economic Development Fund Recommendation Memo

Exhibit A-1

Applicant Name:	Balthasar Industries LLC ("Applicant" "Company")	REDC Region:	Western New York "WNY"
Project Type:	Business Investment	County:	Niagara
Industry:	Manufacturing	Locality:	North Tonawanda
Amount Requested:	\$300,000	Start Date:	November 21, 2025
		Finish Date:	November 30, 2026
RECOMMENDED OFFER			
Recommended Total Award:		\$90,000	
Total Project Cost:		\$1,485,167	
% of Project Cost Recommended:		6%	
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Training	\$6,000	WNYEDF	\$297,000
Building Acquisition	\$1,125,000	Senior Debt	\$1,039,000
Acquisition of Existing Assets	\$12,400	Additional Cash Equity	\$149,167
Facility Updates	\$105,272		
Machinery + Equipment (New Machinery)	\$187,000		
FF &E	\$37,195		
Software	\$12,250		
Total:	\$1,485,167	Total:	\$1,485,167
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:		Applicant will create three (3) full time equivalents ("FTE") and retain one (1) FTE at the project location over two years.	
Average Salary of Jobs:		\$ 60,000	
Indirect Jobs Created:		N/A	
Other Impact:		N/A	
PROJECT DESCRIPTION (Adapted from Application)			
Balthasar Industries LLC is a full-service Computer Numerical Control (CNC) milling and turning machine shop based in Rochester, NY. The Company serves customers across multiple industries including medical, optics, defense, aerospace, electronics and semiconductors, automation, and transportation.			

Over the past three years, the company has been in growth mode, resulting in space and workforce challenges. Currently operating in a 7,000-square-foot facility in Rochester, New York, Balthasar Industries is planning an expansion by relocating to a new 37,000-square-foot location in North Tonawanda.

The Company plans to acquire and upgrade the new building, as well as invest in new advanced CNC machinery and software.

This expansion will allow Balthasar Industries to bid on larger projects that are currently beyond their capacity while continuing to serve existing customer base that relies on Balthasar Industries, potentially increasing production capacity by 60%-100%.

This strategic move aims to secure a facility in which the company can continue growing and hire and train three full-time employees.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

BASIS FOR RECOMMENDATION

Several aspects of this project support recommending a Fund Benefits award:

- Moving into a larger 37,000-square-foot facility and adding advanced CNC equipment will significantly expand production capacity enabling the applicant to pursue larger contracts and enhance its competitiveness in industries such as aerospace, defense, and medical devices.
- The project involves hiring and training three full-time employees and retaining one employee.
- This expansion will increase production capacity by 60%-100%, thereby enhancing the applicants operational capabilities and market competitiveness.
- Relocating to North Tonawanda (WNY) increases the local tax base, revitalizes underutilized industrial property, and strengthens the region's advanced manufacturing cluster.
- The Company's track record of growth over the past three years indicates upward momentum, suggesting this expansion could be a steppingstone to future job creation and business development.
- The project aligns with the 2024 WNY REDC priorities focused on growing tradable sectors and supports traditional economic development goals of job creation and business investment in WNY.



ANTICIPATED DISBURSEMENT TERMS
Fund Benefits would be used to reimburse the Applicant for a portion of the costs associated with Machinery and Equipment for the new facility. It is anticipated that: (1) funds would be disbursed in arrears upon completion of the project; and (2) reimbursement would be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying that the Applicant has incurred eligible expenses of approximately \$1.4 million; and (3) other terms and conditions such as annual commitments that will be specified in the Fund Benefits Agreement.



Western New York Economic Development Fund Recommendation Memo

Exhibit A-2

Applicant Name:	Professional Plastics LLC d/b/a Professional Plastics East “Applicant” or “Company”	REDC Region:	Western New York (WNY)
Project Type:	Business Investment	County:	Erie
Industry:	Manufacturing	Locality:	Orchard Park
Amount Requested:	\$599,000	Start Date:	December 15, 2025
		Finish Date:	December 31, 2027
RECOMMENDED OFFER			
Recommended Total Award:		\$539,100	
Total Project Cost:		\$2,995,000	
% of Project Cost Recommended:		16%	
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Infrastructure costs	\$1,035,000	WNY EDF	\$599,000
M&E	\$1,950,000	Corporate cash/line of credit	\$2,396,000
FF&E	\$10,000		
Total:	\$2,995,000	Total:	\$2,995,000
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:		Applicant will create forty-nine (49) full time equivalents (“FTE”) at the project location over three (3) years.	
Average Salary of Jobs:		\$ 72,900	
Indirect Jobs Created:		N/A	
Other Impact:		N/A	
PROJECT DESCRIPTION (Adapted from Application)			
Professional Plastics, Inc., a leading global distributor and fabricator of high-performance plastics, is pursuing a strategic expansion at its Orchard Park facility to meet growing demand from the semiconductor industry. Currently, the site lacks sufficient electrical capacity to support additional Computer Numerical Control (CNC) machining, ultrasonic cleaning, and kitting of semiconductor FAB machinery parts—			



KATHY HOCHUL
Governor

Western NY Power Proceeds Allocation Board

ANTHONY J. COLUCCI III
Chairman

capabilities essential to serving its customer base. The project will address these limitations by focusing on critical building, electrical, and cleanroom infrastructure upgrades, including:

1. Expanding electrical capacity from 800 amps to 2,000 amps (480/277v), including installation of a new pad-mount transformer, a 15kv transformer vault in accordance with NYSEG specifications, and the relocation of electrical service underground to improve safety and reliability.
2. Constructing a semiconductor-grade cleanroom, along with installing ultrasonic part cleaning systems and expanding CNC machining capacity. Currently, semiconductor parts are shipped to facilities in Texas and California for cleaning and kitting. This investment will allow the Company to perform these critical processes in-house, improving turnaround times and reducing costs for customers.

The expansion will create 49 FTE jobs over the next five years, strengthening the advanced manufacturing workforce in WNY. With these enhancements, Professional Plastics projects \$14–\$20 million in new sales growth in NYS annually, driven by semiconductor-related customers who are requesting expanded in-state services.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

BASIS FOR RECOMMENDATION

The project will significantly bolster economic and technological development in the Western New York (WNY) region, offering numerous benefits including:

- Bridging a critical funding gap, ensuring the timely and successful completion of the project.
- Growing sales for Professional Plastics by \$14–\$20 million in new sales growth annually for Professional Plastics, driven primarily by demand from semiconductor-related customers.
- Positioning Professional Plastics to meet increasing demand of the rapidly expanding semiconductor industry, thereby reinforcing New York's leadership in the semiconductor supply chain.
- Expanding the Company's capabilities through planned upgrades to electrical capacity and cleanroom facilities, which will boost productivity and operational efficiency, resulting in



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reduced costs and improved turnaround times, enhancing competitiveness and customer satisfaction.

- Creating 49 new FTE jobs over the next five years, supporting advanced manufacturing employment in Western New York.
- Aligning with the 2024 Western New York Regional Economic Development Council (WNY REDC) priorities, which focus on growing tradable sectors, and supporting traditional economic development goals of job creation and business investment in Western New York.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits would be used to reimburse the Applicant for a portion of the costs associated with machinery and equipment for the new facility. It is anticipated that: (1) funds would be disbursed in arrears upon completion of the project; and (2) reimbursement would be made upon presentation to NYPA of invoices and such other documentation acceptable to the Authority verifying that the Applicant has incurred eligible expenses of approximately \$2.9 million; and (3) other terms and conditions such as annual commitments that will be specified in the Fund Benefits Agreement.

Criteria adapted from the Western NY Power Proceeds Allocation Board's
"Procedures for the Review of Applications for Fund Benefits"

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council ("REDC") having responsibility for the region in which an Eligible Project is located.¹ The Western New York Regional Economic Development Council is responsible for Eligible Projects in Erie and Niagara Counties, and its Strategies & Priorities are to:
 - Promote "Smart Growth" by investing in areas where infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
 - Promote workforce development by increasing diversity in the labor force, developing and cultivating workers with advancement potential, underemployed, unemployed and who belong to a special population; align education and skills training to the job market for current and future industry needs.
 - Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new start ups in strategic industries and facilitates the commercialization of products that can lead to job growth in the region.
 - Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products, creating new more efficient processes, and creating strong regional brands; creating programs that promote careers in agriculture.
 - Utilize Western New York's proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will utilize cross-border

¹ As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, "revitalization" projects.

planning to create transportation and logistical infrastructure, improve operational relationships, and promote the attractiveness of WNY as a hub for global trade.

- Position the WNY region as a global energy hub through new sources of clean energy, energy efficiency and energy efficient transportation.
- Support growth of advanced manufacturing by making research more available to manufacturers to help them innovate.
- Spur growth in the health and life sciences industry through improved commercialization, recruiting high profile research talent and reducing the cost burden of healthcare while improving health outcomes.
- Expand the scope of higher education by increasing accessibility to Higher Education for communities that currently have limited access to educational opportunities; better aligning education with the industry needs and creating support structures for start-ups that will assist start-ups with commercialization, business planning, workforce preparation, and facilities, etc.
- Grow visitors and visitor spending by raising the profile of WNY as a national and international destination; connect multiple tourist destinations in WNY; improve the profile of the WNY Gateway to the United States.

For more information on the Western New York Regional Economic Development Council please go to <https://regionalcouncils.ny.gov/western-new-york>.

2. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located.² The Finger Lakes Regional Economic Development Council which is responsible for Eligible Projects in Orleans and Genesee Counties Strategies & Priorities can be found at: <https://regionalcouncils.ny.gov/finger-lakes>.
3. The number of jobs that would be created as a result of an award of Fund Benefits.
4. The applicant’s long term commitment to the region as evidenced the current and/or planned capital investment in applicant’s facilities in the region.
5. The ratio of the number of jobs to be created to the amount of Fund Benefits requested.
6. The types of jobs that would be created, as measured by wage and benefit levels, security and stability of employment.
7. The amount of capital investment, including the type and cost of buildings, equipment and facilities, proposed to be constructed, enlarged or installed.

² As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects that are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.

8. The extent to which an award of Fund Benefits would affect the overall productivity or competitiveness of the applicant and its existing employment.
9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.
10. The growth potential of the applicant's facilities and the contribution of economic strength to the area in which the applicant's facilities are or would be located.
11. The extent of the applicant's willingness to satisfy affirmative action goals.
12. The extent to which an award of Fund Benefits is consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the area in which the business is located.
13. The impact of an award of Fund Benefits on the operation of any other facilities of the applicant, and on other businesses within the region.
14. That the business is likely to close, partially close or relocate resulting in the loss of a substantial number of jobs.
15. That the applicant is an important employer in the community and efforts to revitalize the business are in long-term interests of both employers and the community.
16. That a reasonable prospect exists that the proposed award of Fund Benefits will enable the applicant to remain competitive and become profitable and preserve jobs for a substantial period of time.

Date: December 9, 2025

To: Board of Trustees

From: PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Recommendation for Award of Fund Benefits from the Northern New York Economic Development Fund by the Northern New York Power Proceeds Allocation Board

SUMMARY

The Trustees are requested to: (1) accept the recommendations of the Northern New York Power Proceeds Allocation Board (the "Allocation Board" or "Board") and make an award of fund benefits ("Fund Benefits") from the Northern New York Economic Development Fund to Empire State Mines, LLC ("Empire State Mines" or "Applicant") as further described in Exhibits "A" and "A-1," in the amount indicated in the Exhibits, for the reasons described below and in the Exhibits; and (2) authorize the other actions described herein with respect to the applicant and recommended awards.

BACKGROUND

1. Northern New York Power Proceeds Allocation Act

The Northern New York Power Proceeds Allocation Act (the "Act") became law on December 29, 2014. The Act adds provisions to the Economic Development Law ("EDL"), and the Public Authorities Law under the Power Authority Act, the enabling statute of the New York Power Authority ("NYPA" or "Authority") (collectively, the "Statutes"). As discussed in more detail below, the Act creates a program, administered by NYPA and the Allocation Board, to support economic development in Northern New York (the "Program"). Under the Program, financial assistance known as "fund benefits" may be awarded to "eligible applicants" for "eligible projects" based on criteria set forth in the Statutes.

The Act defines an "eligible applicant" as a private business, including a not-for-profit corporation that is a private business. "Eligible projects" are defined as "economic development projects" that are or would be physically located within St. Lawrence County, that will support the growth of business in St. Lawrence County and thereby lead to the creation or maintenance of jobs and tax revenues for state and local governments. Examples of "eligible projects" include; capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York State; support for tourism and marketing and advertising efforts for St. Lawrence County tourism and business; and energy-related projects.

Eligible projects do not include, and Fund Benefits may not be used for, public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the Board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

2. The Northern New York Economic Development Fund

NYPA and the Town of Massena Electric Department are parties to a contract that provides for NYPA's sale of up to 20 megawatts ("MW") of hydropower known as "St. Lawrence County Economic Development Power" ("SLCEDP") to the Town. As detailed in the Statutes, NYPA is authorized to sell unallocated SLCEDP into the market to generate revenue for the Program. The Statutes provide that NYPA will deposit proceeds from such sales into the Fund no less than quarterly.

At least 15 percent of the Fund is dedicated to eligible projects that are "energy-related projects, programs and services, defined as "energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services."

Monies from the Fund – Fund Benefits – are awarded in the form of grants and in most cases, Fund Benefits are disbursed as reimbursement for expenses incurred by an awardee. Allocations of Fund Benefits may only be made on the basis of monies that have been deposited in the Fund. No award may encumber funds or net earnings that have been received but that have not been deposited in the Fund.

3. Northern New York Power Proceeds Allocation Board

Under the Act, the Allocation Board's primary responsibilities regarding applications for fund benefits under the Program are to (i) administer the application process, (ii) make determinations relating to eligibility, and (iii) where an applicant and project are eligible, evaluate applications against the statutory criteria and make a recommendation to the NYPA Board of Trustees on whether an applicant should be awarded fund benefits. The Allocation Board applies criteria applicable to Expansion Power, Replacement Power and Preference Power allocations, and for revitalization of industry, provided for in Public Authorities Law § 1005.

Additionally, the Allocation Board is authorized to consider the extent to which an award of fund benefits aligns with the strategies and priorities of the North Country Regional Economic Development Council, which covers the region where eligible projects may be proposed.

At its meeting on January 25, 2017, the Allocation Board, in accordance with the Act, adopted by-laws, operating procedures, application guidelines, and an application form. A copy of the relevant criteria (collectively, "Program Criteria"), adapted from the Allocation Board's "Procedures for the Review of Applications for Fund Benefits," is attached as Exhibit "B" to this memorandum.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has discretion as to whether to adopt the Allocation Board's recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to include within the contract covering an award ("Award Contract") such other terms and conditions that the Authority deems appropriate.

4. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board establishes an annual schedule of dates on which the Allocation Board will meet to consider applications. At this time, applications are being accepted on a rolling basis. A webpage was created that is hosted on WWW.NYPA.GOV/NNYPPAB with application instructions, a link to the approved application form, and other program details including a contact phone number and email address staffed by NYPA.

DISCUSSION

At its October 8, 2025 meeting, the Allocation Board considered an application from Empire State Mines seeking \$1,000,000 in Fund Benefits.

As detailed in Exhibit "A-1", Empire State Mines seeks Fund Benefits to establish a micronization and purification facility at its Gouverneur location to process 20-50 kg/hour of natural flake graphite – advancing the first fully integrated U.S. graphite production since 1956. A micronization and purification facility in St. Lawrence County will strengthen U.S. critical mineral supply chains and national security, leverage local infrastructure, and create high-quality jobs. While this facility will employ four new employees initially, the applicant states that the facility, once fully scaled, is projected to employ 55 additional FTEs and support the retention of 135 existing employees. New York will become the first State in 70 years to produce natural flake graphite, classified by the U.S. government as a critical mineral for the country's clean energy future. The applicant anticipates investing approximately \$5.6 million in the project. Because the project is energy related, NYPA may allocate the energy-related portion of the Fund reserved for associated projects, programs and services.

Allocation Board staff analyzed the application and made award recommendations based on eligibility requirements and Program Criteria. The Program Criteria are described in Exhibit "B". Copies of the recommendation memorandum and supporting documents provided to the Allocation Board for the project are attached as Exhibit "A-1". The application has also been made available to the Trustees for review.

The Allocation Board has recommended that the Applicant receive a Fund Benefit award in the amount of, and for the purposes indicated on, Exhibit "A" and "A-1". Given the nascent stage of the proposed projects, it was not practical to recommend the specific terms and conditions that would be applicable to the awards. Such terms will be memorialized in an Award Contract between the Authority and the applicant, if successful.

If this Applicant receives a Fund Benefit award, Authority staff will negotiate final terms and conditions with the applicant after receipt of more detailed information concerning the

project and proposed schedules. Award Contracts may include scheduled payments tied to commitment milestones, such as employment creation and retention. In addition, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicants for the purpose of determining contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if an applicant fails to maintain agreed-upon commitments.

RECOMMENDATION

The Senior Vice President, Clean Energy Solutions recommends that:

- (1) the Trustees accept the recommendation of the Allocation Board and make an award of Fund Benefits to Empire State Mines in the amount recommended in Exhibits "A" and "A-1" utilizing funds from the 15% of the fund proceeds that are dedicated to energy projects, conditioned upon an agreement to be negotiated with the applicant on the final terms and conditions that would be applicable to the award. Such terms will be contained in the Award Contract approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or such official's designee, as to form;
- (2) the EVP Chief Operating Officer, or such official's designee, be authorized to negotiate with the Applicant concerning such final terms and conditions that will be applicable to the award; and
- (3) the Senior Vice President for Customer Solutions, or such official's designee, be authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibits "A" and "A-1" subject to the foregoing conditions.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

WHEREAS, the Northern New York Power Proceeds Allocation Board ("Allocation Board") has recommended that the Authority make an award of Fund Benefits from the Northern New York Economic Development Fund ("Fund") to Empire State Mines, LLC ("Empire State Mines"), which is more particularly described in the accompanying Memorandum of the President and Chief Executive Officer ("Memorandum") and the other information referred to therein;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby accepts the recommendation of the Allocation Board and authorizes an award of Fund Benefits to Empire State Mines in the amount recommended in the attached Memorandum and other information referred to therein utilizing for the award funds from the 15% of the fund proceeds that are dedicated to energy projects, subject to the execution of an agreement between the Authority and applicant on the final terms and conditions that would be applicable to the award, and set forth in a written award contract ("Award Contract") between the Authority and the applicant, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel or such official's designee, as to form; and be it further

RESOLVED, that the EVP Chief Operating Officer, or such official's designee, is authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and be it further

RESOLVED, that the Senior Vice President for Customer Solutions, or such official's designee, is authorized to execute on behalf of the Authority an Award Contract for this award, subject to the foregoing conditions; and be it further

RESOLVED, that the Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Senior Vice President for Customer Solutions, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Applicants Recommended for an Award of Fund Benefits by the NNY Proceeds Allocation Board

Line	Business	City	County	Economic Development Region	Project Description	Project Type	Recommended Award Amount	Total Project Cost	Jobs Retained	Jobs Created
1	Empire State Mines, LLC	Gouverneur	SLC	North Country	Establish micronization and purification facility to process natural flake graphite	Other Eligible Projects: R&D, Clean Energy	\$1,000,000	\$5,593,200	N/A	N/A
Total:							\$1,000,000	\$5,593,200	N/A	N/A

Total Jobs Created & Retained: N/A



KATHY HOCHUL
Governor

Northern NY Power Proceeds Allocation Board

PATRICK J. KELLY
Chairman

Northern New York Economic Development Fund Recommendation Memo EXHIBIT A-1

Applicant Name:	Empire State Mines, LLC	REDC Region:	North Country
Project Type:	R&D, Clean Energy	County:	St. Lawrence
Industry:	Other Metal Ore Mining	Locality:	Gouverneur
Amount Requested:	\$1,000,000	Start Date:	12/09/2025
		Finish Date:	12/31/2026
RECOMMENDED OFFER			
Recommended Total Award:	\$1,000,000		
Total Project Cost:	\$5,593,200		
% of Project Cost Recommended:	18%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Machinery & Equipment	\$3,670,900	NNYEDF	\$1,000,000
Soft costs, working capital, FEED, Testwork, Engineering, Consultant Fees	\$1,922,300	Equity & cash flow from operations	4,593,200
Total:	\$5,593,200	Total:	\$5,593,200
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	The application was submitted under the "Other" funding track for Clean Energy and Research and Development, which does not require job-related commitments.		
Average Salary of Jobs:	n/a		
Indirect Jobs Created	n/a		
Other Impact	n/a		

PROJECT DESCRIPTION (Adapted from Application)		
Empire State Mines in Gouverneur will establish a micronization and purification facility to process 20-50 kg/hour of natural flake graphite – advancing the first fully integrated U.S. graphite production since 1956 and thereby promoting national security and supply chain resilience. While the micronization and purification facility will require the hiring of 4 new employees initially, it forms the basis of a larger commercial scale facility – projected to employ 55 additional FTEs when fully scaled. It will have a substantial positive impact on local tax revenues, and New York State will become the first in the country to host the production of natural flake graphite – a critical mineral for the defense, aerospace, and clean energy industries. Graphite is by far the largest component in lithium-ion batteries, with the U.S. currently importing 100% of its natural graphite requirements. This project aims to solve the supply chain resilience issue and onshore production of inputs essential for energy storage. The Kilbourne Graphite Project at Empire State Mines has significant resource expansion potential to meet the demands of U.S. natural flake graphite over a long-term period. Their facility is a major step toward restoring U.S. industrial graphite capability and delivering a fully Made in America natural graphite product.		
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED		
None		
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	AMOUNT	STATUS
None		
BASIS FOR RECOMMENDATION		
Aspects of this project that support a recommendation in favor of a Fund Benefits award: • Advances Empire State Mines in Gouverneur as the first fully integrated producer of U.S. Graphite since 1956. • Graphite is classified by the U.S. government as a critical mineral for the country’s defense, aerospace, and clean energy industries. • A micronization and purification facility in St. Lawrence County will strengthen U.S. critical mineral supply chains, leverage local infrastructure, and create high-quality jobs. • While this facility will employ 4 new employees initially, it forms the basis of a larger commercial-scale facility – employing 55 additional FTEs and supporting the retention of 135 current employees. • Empire State Mine’s Kilbourne Graphite Project offers significant scalability, positioning the facility to be able to meet a majority of projected U.S. graphite demand in these key sectors. • Advances the North Country Regional Economic Development Council’s Tradeable Sector strategic objective: Support, grow, and diversify the North Country’s major industries to serve domestic and global markets.		
ANTICIPATED DISBURSEMENT TERMS		
The allocation of Fund Benefits will reimburse the applicant for a portion of costs related to the purchase of machinery and equipment, and soft costs (working capital, FEED, testwork, engineering, consulting fees) to establish a micronization and purification facility at their Gouverneur location. It is anticipated that funds will be disbursed in arrears in a manner proportionate to the total for eligible expenses. Payment will be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses of \$5,593,200.		



"EXHIBIT B"

Criteria adapted from the "Board Procedures, and Board Policies Relating to the Review of Applications for Fund Benefits", adopted by the Northern New York Power Proceeds Allocation Board

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the North Country Regional Economic Development Council ("NCREDC"). Such strategies and priorities include the following:
 - Energize our communities by building on growth in the aerospace, transit equipment, defense, biotech, energy, and manufacturing industries
 - Leverage our gateway to Canada, the nation's largest trading partner, to lead the State in global investment
 - Attract and nurture entrepreneurs through innovation to catalyze the highest per capita rate of small business start-ups and expansions in the state
 - Invest in community development infrastructure that expands opportunities and capacity
 - Innovate effective rural healthcare and education delivery networks
 - Elevate global recognition of the region as one of the special places on the planet to visit, live, work and study
 - Activate tourism as a driver to diversify our economies by creating demand to accelerate private investment
 - Invest in agriculture as we help feed the region and the world
 - Create the greenest energy economy in the state
2. Whether the eligible project would occur in the absence of an award of Fund Benefits.
3. The extent to which an award of Fund Benefits will result in new capital investment in the State by the eligible applicant and the extent of such investment.
4. Other assistance the eligible applicant may receive to support the eligible project.
5. The type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the eligible applicant were to receive an award of Fund Benefits.
6. The eligible applicant's payroll, salaries, benefits and number of jobs at the eligible project for which an award of Fund Benefits is requested.
7. Where applicable, the number of jobs that will be created or retained within St. Lawrence County and any other parts of the State in relation to the requested award of Fund Benefits, and the extent to which the eligible applicant will agree to commit to creating or retaining such jobs as a condition to receiving an award of Fund Benefits.
8. Whether the eligible applicant is at risk of closing or curtailing facilities or operations in St. Lawrence County and other parts of the State, relocating facilities or operations out of St. Lawrence County and other parts of the State, or losing a significant number of jobs in



“EXHIBIT B”

St. Lawrence County and other parts of the State, in the absence of an award of Fund Benefits.¹

9. The significance of the eligible project that would receive an award of Fund Benefits to the economy of the area in which such eligible project is located.
10. For new, expanded and/or rehabilitated facilities, the extent to which the eligible applicant will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving an award of Fund Benefits.²

¹ Job creation and retention are key indicators of economic activity. However, the Allocation Board recognizes that certain investments may increase productivity and revitalize areas without immediately increasing permanent employment. Therefore, job creation/retention commitments will be emphasized primarily in the Business Investment Track. While job creation and retention may not be a significant factor for other Tracks, demonstration of economic development benefits to the Region will generally be considered favorably when assessing applications under all Tracks.

² As provided for in Economic development Law § 197-c(4), many of the criteria are adapted from criteria used in determining eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law (“PAL”) § 1005(13). Certain criteria identified in PAL § 1005(13) are relevant to power allocations under these programs and do not have any logical application to the allocation of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Transfer of Recharge New York Power Allocation

SUMMARY

The New York Power Authority Board of Trustees ("Board of Trustees") are requested to approve the transfer of the Recharge New York ("RNY") Power allocation awarded by the New York Power Authority ("Authority"):

1. Transfer of a 2,080 kilowatt ("kW") RNY Power allocation awarded to O-AT-KA Milk Products Cooperative, Incorporated ("OMPC, Inc."), for use at its facility located 700 Ellicott Street, Batavia, NY 14020, to O-AT-KA Milk Products, LLC ("OMP, LLC"), to address organizational changes.

Transfers of RNY Power are subject to review and approval of the Economic Development Power Allocation Board ("EDPAB"). At its December 9, 2025, meeting, the EDPAB approved the transfer of this RNY Power allocation.

DISCUSSION

The following discussion describes the facts relating to the recommended transfer:

1) O-AT-KA Milk Products Cooperative, Incorporated

OMPC, Inc. was awarded a 2,080 kW allocation of RNY Power for use at its facility located in Batavia, NY. This facility manufactures dairy products.

OMP, LLC merged into and survived OMPC, Inc. on May 1, 2024. OMP, LLC plans to make no changes to the business operations previously conducted at the Batavia facility.

OMP, LLC requests that the 2,080 kW RNY Power allocation be transferred from OMPC, Inc., to OMP, LLC. OMP, LLC has indicated that it will honor all terms and commitments previously made by OMPC, Inc., under the Agreement for the Sale of Recharge New York Power and Energy with the Authority covering the allocation.

The Board of Trustees have previously approved transfers of RNY power allocations in similar circumstances.

RECOMMENDATION

The Senior Vice President, Customer Solutions, requests that the Board of Trustees approve the transfer discussed above, subject to the following conditions: (1) no material reductions in the base employment level or capital investment commitments associated with the allocation to be transferred; and (2)

the transfer shall be addressed in contract documents containing such terms and conditions as the Authority deems necessary to effectuate the transfer.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That the transfer of a 2,080 kilowatt ("kW") allocation of Recharge New York ("RNY") Power awarded to O-AT-KA Milk Products Cooperative, Incorporated, for use at its facility located at 700 Ellicott Street, Batavia, NY 14020, to O-AT-KA Milk Products, LLC, as described in the foregoing memorandum of the President and Chief Executive Officer ("Memorandum") be, and hereby is, approved, subject to (1) such terms and conditions set forth in the foregoing Memorandum, and (2) such terms and conditions as may be required by the New York Power Authority ("Authority") in contract documents prepared by the Authority to effectuate the transfer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY BOARD OF TRUSTEES

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Preference Power and Preference Rate Hydropower Contracts – Notice of Public Hearing

SUMMARY

The Trustees are requested to:

- 1) approve modified contracts containing changed rate methodology terms in accordance with the Authority's Preference Power proposed rulemaking to modify rates, the first rate increase in 11 years. These modified contracts affect the electric rate applicable to existing allocations of Preference Power and Preference rate hydropower ("Allocations") sold to the fifty-one (51) Municipal Electric Utility and Rural Electric Cooperative Systems, the seven (7) Neighboring States with Niagara Power Project allocations, the six (6) Neighboring States with St. Lawrence Power Project allocations, the seven (7) Host Communities, Tuscarora Nation, and the three (3) Upstate Investor-Owned Utilities ("Customers"); and
- 2) authorize a public hearing pursuant to Public Authorities Law ("PAL") §1009 on proposed new contract forms ("Contracts") to be used to sell the Allocations to the Customers.

Exhibit "A" provides the list of the seventy-four (74) Allocations held by each of the Customers. The form of the Municipal Electric Utility and Rural Electric Cooperative Systems Contract and associated Service Tariffs No. 38A and 39A are attached as Exhibit "B". The form of the Neighboring States with Niagara Power Project Contract and Service Tariffs No. NS-1, NS-2, and NS-3 are attached as Exhibit "C". The form of the Neighboring States with St. Lawrence Power Project Contract and Service Tariffs No. SL-1 and SL-2 are attached as Exhibit "D". The form of the Host Communities Contract and Service Tariff No. HC-1 are attached as Exhibit "E". The form of the Tuscarora Nation Contract and Service Tariff No. TN-1 are attached as Exhibit "F". The forms of Upstate Investor-Owned Utilities Contracts and Service Tariff No. 42 are attached as Exhibits "G", "H" and "I".

BACKGROUND

The Authority currently sells 764.8 MW of firm hydropower from the Niagara Power Project ("Project") as "preference power" to the Municipal Electric Utility and Rural Electric Cooperative Systems Customers pursuant to the Niagara Redevelopment Act, 16 U.S.C. §836(b)(1) ("NRA") and PAL §1005(5). The Municipal Electric Utility and Rural Electric Cooperative Systems Customers are the only entities in New York that qualify as public bodies and non-profit cooperatives entitled to preference power and priority in the allocation of Project power under the NRA.

Preference power is sold at the Authority's cost-based rates to the Municipal Electric Utility and Rural Electric Cooperative Systems Customers who then resell the hydropower to the electricity consumers located within their service territories under these Customers' retail service tariffs. The Municipal Electric Utility and Rural Electric Cooperative Systems Customers' resale of Niagara hydropower to consumers are regulated

pursuant to either (a) the Authority's applicable rules and regulations (contained in Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York) in the case of the fourteen (14) full requirement Customers, or (b) to the Public Service Commission ("PSC") substantially similar applicable rules and regulations in the case of the thirty-seven (37) partial requirement Customers, without profit but allowing for a reasonable return on the Municipal Electric Utility and Rural Electric Cooperative Systems Customers' investments in their electric distribution systems. In addition, the Authority sells 3.6 MW of firm peaking hydropower from the Project to the Municipal Electric Utility and Rural Electric Cooperative Systems Customers at preference power rates.

While the NRA requires the Authority to make available at least 50% of the Niagara Project's power to 'preference customers' (i.e., public bodies and non-profit cooperatives within economic transmission distance), it further requires the Authority to make available a 'reasonable' portion of such preference power, but not more than 10% of total Niagara Project power, to preference customers in neighboring states (16 U.S.C. §836(b)(2)). NYPA's current 50-year Federal Energy Regulatory Commission ("FERC")-issued license for the Niagara Project made effective on September 1, 2007, fully incorporates the NRA-based requirement to make preference power available to the Neighboring States.

Under the current contracts with the seven Neighboring States entered into in 2007, the Authority sells, in total, 191.2 MW of firm Niagara Project hydropower, 40.9 MW of firm peaking Niagara Project hydropower and 10% of the non-firm energy from the Niagara Project.

On September 30, 2003, the Authority and the Bargaining Agents for the states of Connecticut, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont (the "Settling States") filed a proposed settlement agreement with FERC concerning the sale of St. Lawrence Project power under a new license. Under the settlement, the Authority would make 4.25% of the Project's firm power and energy and 4.25% of the Project's non-firm energy available to the Settling States, with no state receiving less than 1 MW - approximately 34.5 MW. The settlement resolved all disputes concerning the amounts and terms of service for sale of St. Lawrence Project's power and energy to Neighboring State entities. Massachusetts declined to sign the settlement agreement.

On October 23, 2003, FERC issued a new St. Lawrence Project license to the Authority which, in accordance with the aforementioned settlement agreement, includes a license provision with the same allotment terms as the settlement. However, FERC also ordered that Massachusetts be allocated 4.8 MW (50% of its prior 9.6 MW allocation), in addition to the 34.5 MW allocated to the Settling States. This increased the allocations of St. Lawrence power to all seven Neighboring States to 39.3 MW. The Authority sought rehearing at FERC challenging that part of the October 23rd order to allocate the Project's power to Massachusetts. On June 4, 2004, FERC granted the Authority's rehearing request and denied Massachusetts's subsequent rehearing petitions. As a result of FERC's orders, only the Settling States received new allocations and contracts for the output of the St. Lawrence Project. PAL §1005(5) authorizes the Authority to sell a "reasonable share" of Niagara Power Project and St. Lawrence Project power to Neighboring States.

As previously noted, the 50-year FERC license was issued on March 15, 2007 to the Authority for the continued operation and maintenance of the Niagara Power Project, FERC Project No. 2216, and became effective September 1, 2007. Part of the relicensing process entailed obtaining the support of the entities surrounding the Niagara Power Project, which included the Host Communities and Tuscarora Nation.

The Authority filed an Offer of Settlement with FERC in 2005 that in part included separate settlement agreements with the Host Communities and Tuscarora Nation, settling all issues raised by these entities during the relicensing process, which in exchange for supporting the Authority's relicensing efforts received certain commitments and benefits from the Authority.

The Host Community Relicensing Settlement Agreement Addressing Non-License Terms and Conditions ("HCRSA"), dated June 27, 2005 and the Relicensing Settlement Agreement between the Power

Authority of the State of New York and Tuscarora Nation (“TNRSA”), dated August 1, 2005, included the right to a power allocation from the Niagara Power Project for the term of the new license along with contracts that implement those allocations. The HCRSA Article 6.2 (d) states that the power and energy sold to the Host Communities or their designees shall be at the Authority’s cost-based rate for Project power and energy. The TNRSA Article 5.2 (a) states that the power and energy sold to Tuscarora Nation shall be at the Authority’s cost-based rate for Niagara Project power and energy. The HCRSA directed a 25 MW allocation (that could conditionally increase to 28 MW) to be allotted to the constituent parties as follows: City of Niagara Falls – 5.5 MW, City of Niagara Falls School District – 3.5 MW, Lewiston-Porter Central School District – 1.5 MW, Niagara County – 9 MW, Niagara-Wheatfield Central School District - 1.5 MW, Town of Lewiston – 3.5 MW (that could conditionally increase to 6.5 MW) and Town of Niagara – 500 kW. The HCRSA includes a Host Communities Fund to receive \$5 million annually. The HCRSA provides that the fund will be paid for by a 24 MW block sold into the market from the Niagara Power Project starting in 2007 and that if when the Town of Lewiston signs the HCRSA, the initial \$5 million in 2007 could be raised with less than 24 MW, then the Town of Lewiston could get an allocation increase by the same amount that represents the difference between 24 MW and the amount of MW needed to raise \$5 million. The condition was met that allowed the allocation increase to 28 MW (3 MW increase for the Town of Lewiston). The TNRSA directed a 1 MW allocation be sold to Tuscarora Nation.

In accordance with hydropower contracts signed with Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric and Gas Corporation (“NYSEG”) and Rochester Gas and Electric Corporation (“RGE”) (collectively, the “Utilities”) in 1990 (“1990 Hydro Contracts”) and certain extensions of such contracts, the Utilities have purchased both firm power and firm peaking power from the St. Lawrence/FDR and Niagara Power Projects at cost-based or Preference rates in accordance with the NRA 16 U.S.C. §836(b)(1).

The Utilities have purchased such power at the Authority’s cost-based Preference Power rate, the benefits of which have been passed on to the Utilities’ residential and small farm customers (also referred to as their rural and domestic or “R&D” consumers) without markup, through the electric service provided by the Utilities under their retail tariffs.

Chapter 60 (Part CC) of the Laws of 2011 created the Recharge New York Power Program (“RNY Program”). This law authorized the Authority to redeploy firm hydropower previously allocated to the Utilities for use in the RNY Program. See PAL § 1005(13-a).

Effective August 1, 2011, the Authority withdrew the firm power allocations from the Utilities in accordance with the 1990 Hydro Contracts and Part CC, and terminated the firm power allocations of 189 MW for National Grid, 167 MW for NYSEG and 99 MW for RGE. The Authority has continued to sell the firm peaking power to the Utilities for the benefit of their rural and domestic customers. The firm peaking power allocations are 175 MW for National Grid, 150 MW for NYSEG and 35 MW for RGE.

DISCUSSION

The Contracts for each of the Customers include modification to the rate methodology terms in the current agreements associated with the Authority’s sale of Preference Power or Preference rate hydroelectric power and energy. The current rates were set in a rate case in 2011 and were phased-in through 2014. The Rate Stabilization Reserve (“RSR”) annual reconciliation mechanism included with many of the current agreements provides for a tracking of over- and under- recoveries for the collected revenues from sales of hydroelectricity from the Niagara and St. Lawrence Power Projects. If the collected revenue lies outside the applicable under-recovery bandwidth of the RSR mechanism, it indicates that the Authority’s costs for the Niagara and St. Lawrence Power Projects are not being met and may necessitate a rate proceeding to increase the Authority’s cost-based rates. As the Trustees recognize from the rate action authorized in September 2025, this milestone was reached.

The contract modifications included in the proposed contracts arise from the Preference Power rates proposed at the September 23, 2025 Board of Trustees meeting, for which final rates are recommended for adoption today, supported by a separate memorandum to the Trustees and an accompanying Staff Report. Those proposed rates were the subject of a Notice of Proposed Rulemaking (“NOPR”) process. Under that NOPR, staff explained that changes to certain rate methodologies were needed to provide a cost-based rate consistent with the “lowest rates reasonably possible” standard as referred to in the NRA, 16 U.S.C. § 836(b)(1), and the “lowest possible price” standard as referred to in the PAL § 1005(5). Staff also noted that certain contract modifications with customers would be pursued. The Staff Report developed for the Trustees to support the adoption of final Preference Power rates also explains the changed rate methodologies and addresses a comment opposing those changes.

The chief rate methodology changes in the modified contracts include:

- Recovery of capital costs using a rate base times capital cost, where capital costs are defined as NYPA’s actual long-term cost of debt;
- Discontinuation of the pre-existing Modified Trended Original Cost/Original Cost capital recovery model, which is no longer feasible to maintain in light of modern group depreciation utility accounting practices;
- An Unforced Capacity (“UCAP”) credit developed for the Hydro Cost of Service (“COS”) that will be based on revenues received from the sale of merchant UCAP to the New York Independent System Operator (“NYISO”) from capacity auctions or from bilateral arrangements with other parties. For bilateral arrangements with other parties, the UCAP credit will be determined based on an equally weighted average of the NYISO capacity auction prices.
- The treatment of ancillary services that NYPA sold into the NYISO would receive the same treatment as merchant UCAP revenues, wherein actual ancillary services revenues are credited to the Hydro COS.
- The ReCharge New York (“RNY”) Program will no longer be normalized as part of Preference Power rate development as that Program is nearly fully subscribed.

As required by PAL § 1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of firm hydropower, it will transmit the proposed form of the contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days’ notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the form of the contract may be modified, if advisable. Staff will then report to the Trustees on the public hearing any recommended modifications to the contract. Upon approval of the final contract by the Authority, the Authority must “report” the proposed contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority is authorized to execute the final contract.

FISCAL INFORMATION

The modified contracts, in conjunction with revised Preference Power rates separately authorized by the Trustees for final adoption effective April 1, 2026, would allow the Authority to recover the increased costs associated with serving all customers covered by these modified contracts for their electricity purchases at the Preference Power rate.

RECOMMENDATION

The Senior Vice President – Customer Solutions recommends that the Trustees:

- (i) approve the proposed form of Contracts with their associated service tariffs at the applicable preference power rates or preference rates; and
- (ii) authorize a public hearing, in accordance with PAL § 1009, on the Contracts.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

Att.

Municipal Electric Utility and Rural Electric Cooperative Systems Proposed Contract form

Neighboring States – Niagara Power Project Proposed Contract form

Neighboring States – St. Lawrence Power Project Proposed Contract form

Host Communities Proposed Contract form

Tuscarora Nation Proposed Contract form

Upstate IOUs Proposed Contract forms

RESOLUTION

RESOLVED, That each contract form with the Municipal Electric Utility and Rural Electric Cooperative Systems, Neighboring States – Niagara Power Project, Neighboring States – St. Lawrence Power Project, Host Communities Tuscarora Nation and Upstate Investor-Owned Utilities for the sale of Niagara Power Project and St. Lawrence Power Project hydroelectric power and energy attached to the foregoing Memorandum (“Contracts”), is hereby approved; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit copies of the proposed Contracts the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to Public Authorities Law (“PAL”) §1009; and be it further

RESOLVED, That the Corporate Secretary be and hereby is authorized to convene a public hearing on the proposed Contracts in accordance with the procedures set forth in PAL §1009; and be it further

RESOLVED, That the Senior Vice President – Customer Solutions or her designee be, and hereby is, authorized, subject to approval of the final form thereof by the Executive Vice President and General Counsel, to negotiate and execute any and all documents necessary or desirable to implement the final Contracts, as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Customers with allocations that will apply to the forms of Contracts:

City of Niagara Falls
City of Niagara Fall School District
Lewiston-Porter Central School District
Niagara County
Niagara-Wheatfield Central School District
Town of Lewiston
Town of Niagara
Tuscarora Nation
City of Jamestown
City of Plattsburgh
City of Salamanca
City of Sherrill
Delaware County Electric Cooperative Inc.
Massena Electric Department
Oneida-Madison Electric Cooperative Inc.
Otsego Electric Cooperative Inc.
Steuben Rural Electric Cooperative Inc.
Village of Akron
Village of Andover
Village of Angelica
Village of Arcade
Village of Bath
Village of Bergen
Village of Boonville
Village of Brocton
Village of Castile
Village of Churchville
Village of Endicott
Village of Fairport
Village of Frankfort
Village of Freeport
Village of Green Island
Village of Greene
Village of Greenport
Village of Groton
Village of Hamilton

Village of Holley
Village of Ilion
Village of Lake Placid
Village of Little Valley
Village of Marathon
Village of Mayville
Village of Mohawk
Village of Penn Yan
Village of Philadelphia
Village of Richmondville
Village of Rockville Centre
Village of Rouses Point
Village of Sherburne
Village of Silver Springs
Village of Skaneateles
Village of Solvay
Village of Spencerport
Village of Springville
Village of Theresa
Village of Tupper Lake
Village of Watkins Glen
Village of Wellsville
Village of Westfield
Niagara Mohawk Power Corporation dba National Grid
New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation
Connecticut Municipal Electric Energy Cooperative
Massachusetts Department of Public Utilities
Public Power Association of New Jersey
City of Cleveland
Allegheny Electric Cooperative, Inc.
Rhode Island Public Utilities Commission
Vermont Department of Public Service

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
Albany, New York 12207

AGREEMENT FOR THE SALE

OF NIAGARA PROJECT WHOLESale POWER AND ENERGY TO

Customer

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POWER AUTHORITY OF THE STATE OF NEW YORK

30 South Pearl Street

Albany, New York 12207

**AGREEMENT FOR THE SALE OF NIAGARA PROJECT
WHOLESALE POWER AND ENERGY**

The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority” or “NYPA”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Niagara Project Wholesale Power and Energy (“Agreement”) with <Customer Legal Name> (“Customer”) with offices and principal place of business at <Customer Address>. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree as follows:

RECITALS

WHEREAS, the Authority operates the Niagara Power Project, Federal Energy Regulatory Commission (“FERC”) Project No. 2216, in accordance with the Niagara Redevelopment Act, and Title 1 of Article 5 of the Public Authorities Law (“PAL”) also known as the Power Authority Act;

WHEREAS, prior to the Effective Date, the Authority has provided the Customer with electric service in accordance with one or more written agreements (collectively, “Prior Agreement”) to enable the Customer to receive Electric Service consisting of Niagara Project Power and Energy;

WHEREAS, the current term of the Customer’s allocation of Niagara Project Power and Energy runs until September 1, 2040;

WHEREAS, the Parties have reached an agreement on revised terms and conditions applicable to the sale of the allocation of Niagara Project Power and Energy for the remainder of the term as provided for in this Agreement;

WHEREAS, the Parties desire to enter into this Agreement in order to promote commercial and financial certainty and long-term planning by each of the Parties;

WHEREAS, the Authority’s Board of Trustees (“Trustees”) has approved the terms and conditions for the sale of such allocation and related matters contained herein;

WHEREAS, the Parties intend that the Clean Energy Standard obligations of the Full Requirements Customers be substantially equivalent by contract to the Clean Energy Standard obligations of the Partial Requirements Customers.

WHEREAS, electric service under this Agreement will be subject to the rates and other terms and conditions of Service Tariff Nos. 38A or 39A, as applicable, as provided for in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions herein, and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties do hereby mutually covenant and agree as follows:

I. Definitions

When used with initial capitalization, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below. When used with initial capitalization, whether singular or plural, terms defined elsewhere in this Agreement or in appendices or other attachments to this Agreement, shall have the meanings set forth therein.

Adverse Water Condition means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers of the Authority who are served by the Project.

Agreement means this Agreement including the appendices hereto (also known as “Long Term Agreement” or “LTA”).

Allocation refers to Customer’s allocation of Niagara Project Power and Energy as specified in Appendix A.

Ancillary Services are services necessary to support the transmission of capacity and energy from generation resources to consumers, while maintaining the reliable operation of New York’s transmission system, as defined by the NYISO Tariffs.

Authority has the meaning set forth in the opening paragraph of this Agreement.

CES means Clean Energy Standard as defined in Appendix D.

Commission or **PSC** means the New York Public Service Commission.

Contract Demand will be the amount of kilowatts ("kW") set forth in Appendix A hereto or such other amount as may be determined in accordance with the provisions of this Agreement.

Customer is the municipality or rural electric cooperative identified in Appendix A and a signatory to this Agreement. Customer does not include the retail customers of municipal and rural electric cooperative systems. Customers means the group of municipalities and rural electric cooperatives identified in Appendix B.

Customer Associations are the Municipal Electric Utilities Association of New York State ("MEUA"), and the New York Association of Public Power ("NYAPP"), or any successor organization.

Effective Date means the date that this Agreement is fully executed by the Parties.

Electric Service is any type of power and energy made available to Customer under this Agreement in accordance with applicable Service Tariffs and Rules.

FERC means the U.S. Federal Energy Regulatory Commission (or any successor organization).

FERC License means the license issued by the FERC to the Authority for the continued operation and maintenance of the Niagara Power Project (Project No. 2216), dated March 15, 2007.

Firm and Peaking Hydroelectric Power and Energy means Firm Hydroelectric Energy, Firm Hydroelectric Power, Firm Hydroelectric Peaking Energy, and Firm Hydroelectric Peaking Power supplied from the Project under this Agreement, the Rules, and applicable Service Tariff.

Firm Hydroelectric Energy means energy (kWh) associated with Firm Hydroelectric Power intended to be available at all times except for limitations provided in this Agreement, the Rules, and applicable Service Tariff.

Firm Hydroelectric Power means capacity (kW) from the 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 this Agreement, the Rules, or applicable Service Tariff 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 Firm Hydroelectric Peaking Power.

Firm Hydroelectric Peaking Energy means energy (kWh) associated with Firm Hydroelectric Peaking Power supplied at 12.5% monthly load factor.

Firm Hydroelectric Peaking Power means additional capacity (kW) from the Project intended to be available during Customer's peak load periods and limited as to the associated Firm Hydroelectric Peaking Energy to be supplied as set forth in this Agreement, the Rules, and applicable Service Tariff.

Full Requirements Customers are those Customers that receive Electric Service from the Authority under Service Tariff No. 38A, or the successor to such Service Tariff.

Hydro Projects is a collective reference to the Niagara Power Project (defined as "Project" herein) and the St. Lawrence-FDR Project, FERC Project No. 2000, owned and operated by the Authority.

Industrial Economic Development Program (or IEDP) means the Industrial Economic Development Program which is comprised of 54 MW of the total Firm Hydroelectric Power allocated to the Customers. It is intended to support economic development in the Customers' respective service territories.

Load Factor means the Native System Load recorded during the billing period divided by the product of maximum metered demand and the number of hours in the same billing period.

Load Serving Entity or LSE: An entity, including a municipal electric system, a joint action agency, and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the New York Control Area ("NYCA"), including an entity that takes service directly from the NYISO to supply its own load in the NYCA, or otherwise defined in the NYISO Tariffs.

Native System Load means the total consumption of the Customer's electric system without the offset of any municipal or rural cooperative system-owned, behind-the-meter generation. It represents the sum of all incoming energy, plus internal generation behind the system meter, minus energy exports to the bulk electric system.

Niagara Project Power and Energy means the Firm and Peaking Hydroelectric Power and Energy supplied from the Project in accordance with this Agreement, the Rules, and applicable Service Tariff.

Niagara Redevelopment Act ("NRA") means the federal statute enacted in 1957, and codified at 16 U.S.C. § 836.

NYISO means the New York Independent System Operator or any successor organization.

NYISO Capability Period is as defined in the NYISO Open Access Transmission Tariff: Six-month periods which are established as follows: (1) from May 1 through October 31 of each year; and (2) from November 1 of each year through April 30 of the following year; or such other periods as may be determined by the Operating Committee of the NYISO.

NYISO Tariffs means the NYISO's Open Access Transmission Tariff or the NYISO's Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

Partial Requirements Customers are those Customers that receive Electric Service from the Authority under Service Tariff No. 39A, or the successor to such Service Tariff.

Planned Hydropower Curtailment means a temporary reduction in the amount of Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) which the Customer is entitled to receive under this Agreement, which the Authority makes in response to an Adverse Water Condition that the Authority (i) anticipated, and (ii) provided advance notice of pursuant to Section V.b of this Agreement.

Project means the Niagara Power Project, FERC Project No. 2216.

RES means Renewable Energy Standard as defined in Appendices C & D.

Rules are the applicable provisions of the 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 amended from time to time by the Authority.

Scheduling and Settlement Procedures means the systems and procedures in place as of the Effective Date to arrange for the scheduling and settlement of Firm and Peaking Hydroelectric Power and Energy on an hourly, daily and monthly basis, and any adjustments thereto.

Service Tariff means the Authority's Service Tariff No. 38A applicable to Full Requirements Customers, and Service Tariff No. 39A applicable to Partial Requirements Customers, which contain, among other things, the rates and other conditions for sale of Electric Service to Customer, as each such Service Tariff may be modified from time to time by the Authority.

State Energy Plan (“SEP”) means the 2015 New York State Energy Plan as amended from time to time.

Substitute Energy means energy that is provided to a Customer by or through the Authority for the purpose of replacing Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) that is not supplied to the Customer due to a Planned Hydropower Curtailment or Unplanned Hydropower Curtailment.

Term means the time period during which this Agreement is in effect, which includes from the Effective Date to September 1, 2040.

Unplanned Hydropower Curtailment means a temporary reduction in the amount of Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) which the Customer is entitled to receive under this Agreement, which is made by the Authority in response to an Adverse Water Condition that the Authority did not anticipate.

II. Actions to Support the State’s CES

- a. The Customers agree to take actions to support the goals underlying the CES.
- b. For the purpose of supporting these goals, the Customer, working with its respective Customer Association(s), shall work with NYPA to:
 - i. Revise existing Customer retail tariffs in order to encourage efficient off-peak usage and overall economic usage, acknowledging that such Customer tariffs are retail tariffs and may be subject to further regulatory approval from the Commission. The Parties further agree that due to their unique characteristics, the Customer shall facilitate as appropriate, manage and control the interaction of its retail customers with the grid.
 - ii. Implement distribution-level technologies that encourage the adoption of cost-effective distributed energy resources (“DER”) and other energy services through improved end-use consumer and practical third-party engagement. The Customer shall adopt cost-effective DER programs appropriate to its system configuration and size. The Customer shall adopt tariff modifications, subject to regulatory approval as applicable, to attempt to implement such changes, though individual participation rates are expected to vary at the retail level.

- iii. The Customers will work towards implementing specific goals, consistent with the ultimate objectives of the CES (as it may be modified over time, subject to final legal action), on a proportionate and aggregate basis, and consistent with the goals of the SEP. The Parties acknowledge and agree that the Customers may work together to implement various projects, policies and programs consistent with these goals, and the Parties further acknowledge that the specific method of implementation shall be in the discretion of the Customers. The Customers and NYPA agree to work together and with the Customer Associations to implement these activities in a cost-effective and efficient manner, consistent with the unique characteristics of the Customers.
 - iv. The Parties further understand that the implementation of any such tariff provisions, as described in this Section II, including, but not limited to time-of-use rates, energy storage options, DER and other options shall only be implemented if deemed cost-effective and practical by the Customer.
- c. In addition to the foregoing requirements in Section II.b.i-iii, each of the Full Requirements Customers shall pay the Zero Emissions Credit Charge and Renewable Energy Credit Charge provided in Appendix C and Appendix D, respectively.

III. Implementation of Energy Efficiency and Renewable Energy Programs

- a. The Customer shall continue to implement initiatives in order to expand energy efficiency and energy conservation activities to benefit its respective service area. Such activities shall include, but not be limited to, the ongoing and successful Independent Energy Efficiency Program ("IEEP"), as well as other individual programs and Customer system accomplishments involving residential, commercial and industrial lighting, motors, solar programs, smart meters, ENERGY STAR(R), demand response and various energy saving programs, projects and policies.
- b. The Customer shall, at a minimum, make 1 mil (one-thousandth of a dollar/kWh) available for the activities set forth under this LTA, and that such funds shall remain available within each Customer's budget for ongoing energy efficiency, renewable energy or other related technologies. The Parties further acknowledge and agree that for those Customers subject to the jurisdiction of the Commission, such commitments are subject to its review and approval. NYPA acknowledges and agrees that the Customers shall have unfettered discretion to implement programs, policies and projects, and the timing of such implementation, consistent with this Article, so long as a minimum of 1 mil is made available.

- c. A joint Customer/NYPA “Implementation Task Force” is hereby created as of the Effective Date of this Agreement and will meet regularly to track projects implemented and in process, as well as to provide assistance in project development and creation for all Customers. A full description of the powers and duties of this task force is found in Appendix E to this Agreement.
- d. A “Technology & Innovation Task Force” is hereby created as of the Effective Date of this Agreement. A description of the Technology & Innovation Task Force’s powers and duties is found in Appendix E to this Agreement.
- e. The Parties agree that the Customers shall make energy usage data available to NYPA as required to support the activities implemented pursuant to this Article, consistent with the Customer’s privacy protocols, including individual customer anonymity, law and regulation.
- f. The Parties agree to work collectively for the purpose of developing a reporting process that will track and highlight annual achievements through a standardized format, and such report shall be submitted to NYPA annually. The goal of this initiative is to develop the reporting process no later than six (6) months from the Effective Date of this Agreement. The Parties acknowledge and agree that such reports shall conform to existing Commission reports for energy efficiency plans, spending and achievements, and shall conform to the reports provided by IEEP and the individual Customers. For the avoidance of doubt, the existing IEEP reports are satisfactory for these purposes.

IV. Electric Service to be Provided

- a. The Authority shall provide Electric Service pursuant to the applicable Service Tariff to enable the Customer to receive its Allocation, as described in Appendix A, from the Project in accordance with this Agreement, the Service Tariffs and the Rules, and consistent with the provisions of the NRA and the FERC License. Except as provided in this Agreement and IEDP reallocations, the Authority shall not reduce the Niagara Project Power and Energy sold to the Customer below the level and rates of delivery prescribed in this Agreement.
- b. In the event the Authority increases the capability of the Project, the Authority shall conduct a study to determine whether additional quantities of Firm and Peaking Hydroelectric Power and Energy will be produced. If the Authority determines that additional quantities of Firm and Peaking Hydroelectric Power and Energy will be produced from the Project as a result of such changes or upgrades, the aggregate percentage of such classes of power and/or energy to be offered to Customers shall be associated with the percentage

allocations of power and energy referenced in the NRA, including the preference for public bodies and rural electric cooperatives contained in the NRA 16 U.S.C. § 836(b)(1).

- c. To the extent practicable, the allocations among the Customers of additional quantities of power and energy of any type shall be in accordance with the percentages reflected in Appendix B.
- d. **[Additional language held in reserve].**

V. Hydropower Curtailments and Substitute Energy

- a. The Authority shall have the right to implement Planned Hydropower Curtailments for any Adverse Water Condition that the Authority anticipated and for which the Authority provided advance notice pursuant to Section V.b of this Agreement. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project.
- b. The Authority will provide the Customer with advance notice of any Planned Hydropower Curtailment that in the Authority's judgment will impact Electric Service. Such notice will be provided no later than the tenth (10th) business day of the month prior to the month in which the Planned Hydropower Curtailment is expected to occur, unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.
- c. The Authority shall have the right to implement Unplanned Hydropower Curtailments for any Adverse Water Condition that the Authority did not anticipate. The Authority will implement Unplanned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project.
- d. The Authority shall notify the Customer of the occurrence of an Unplanned Hydropower Curtailment which in the Authority's judgment will impact Electric Service to the Customer. Such notice will be provided within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond.
- e. The Authority will supply each Full Requirements Customer with Substitute Energy during Planned Hydropower Curtailments, and will supply each Full

Requirements Customer and Partial Requirements Customer with Substitute Energy during Unplanned Hydropower Curtailments, provided, however, that the supply of Substitute Energy during an Unplanned Hydropower Curtailment will be for the shortest duration that is commercially reasonable considering the circumstances, including but not limited to the operating procedures of the Authority, third-party transmission or delivery utilities who deliver the Substitute Energy, and the NYISO.¹

- f. Unless otherwise agreed upon by the Parties in writing, Substitute Energy will be sourced from markets administered by the NYISO.
- g. The Authority will provide each Customer with an explanation of all Planned Hydropower Curtailments and Unplanned Hydropower Curtailments, and an accounting of all charges assessed to such Customer for Substitute Energy.
- h. Each Customer shall reimburse the Authority for all costs that the Authority incurs for providing Substitute Energy to such Customer when the Authority implements a Planned Curtailment. The charges for such costs shall appear on the Authority's bills, and payment of such charges are subject to the provisions of the applicable Service Tariff and the Rules relating to the payment of bills. The Authority's failure to provide notice pursuant to Section V.b or Section V.d shall not affect the obligation of any Customer to pay for Substitute Energy.
- i. When the Authority implements an Unplanned Curtailment, the Customer shall reimburse the Authority for Substitute Energy provided to Customer at the preference power rate. The Authority shall calculate the difference between the market cost of Substitute Energy incurred by the Authority and the preference rate for the duration of the Unplanned Curtailment, and shall provide a notification to Customer of that differential as it becomes available through the NYISO settlement process for each Unplanned Curtailment that results in Substitute Energy purchases. On an annual basis, the differential between costs of Substitute Energy purchases by the Authority during Unplanned Curtailments and the costs of preference power rate purchases shall be included in the annual RSR reconciliation.

VI. NYISO

¹ For the sake of clarity, the Parties acknowledge and agree that the Authority has no obligation, and by entering into this Agreement it is not undertaking any obligation, to supply Substitute Energy during Planned Hydropower Curtailments to any Partial Requirements Customer at any time.

The Authority shall act as the LSE with respect to the NYISO for the Full Requirements Customers.

Each Partial Requirements Customer acknowledges that it is responsible for all appropriate NYISO charges, and that the Authority does not act as the LSE for Partial Requirements Customers with respect to the NYISO.

VII. Operational Control

Nothing in this Agreement shall affect NYPA's sole operational control of the Project or require that NYPA operate the Project in any particular manner, including by way of example, a manner inconsistent with its historical operational practices or with contractual, license, or other legal requirements relating to the Project, including the FERC License.

VIII. Term and Termination of Service

Once initiated, Electric Service shall continue until the earliest of: (a) termination by Customer with respect to all or part of its Allocation upon one (1) year's prior written notice; (b) termination by the Authority pursuant to this Agreement, the applicable Service Tariff, or the Rules; or (3) September 1, 2040.

The Authority shall invite the Customer to commence good faith negotiations for the purpose of attempting to reach agreement on proposed terms and conditions for an extension of this Agreement by contacting Customer Associations, who the Customer hereby designates to act as its agent for such purpose. Such invitation shall be made no later than September 1, 2035, or on a date agreed upon by the Parties.

IX. Service Tariff; Conflicts

The Rules, Service Tariff No. 38A, or Service Tariff No. 39A, as applicable, as now in effect and/or such superseding tariffs or other tariffs as the Authority may later promulgate, all as such Rules and Service Tariffs may be later amended from time to time, by the Authority are hereby incorporated into this Agreement with the same force and effect as if herein set forth at length.

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

To the extent the New York State Administrative Procedure Act ("SAPA") applies to any proposed change to the Rules or Service Tariffs, the applicable notice period under such statute shall apply.

The Authority shall provide the Customer with a copy of the Authority Board of Trustees' approval of any proposed change to the Rules or Service Tariffs within two (2) business days of Board approval.

To the extent the SAPA does not apply to any proposed change to the Rules or Service Tariffs, the Authority shall provide at least sixty (60) days prior written notice of the change to Customer, during which time consultation with Customers shall take place.

X. Scheduling and Settlement Procedures

NYPA will settle all Customers Native System Load uniformly and in accordance with (a) NYPA Scheduling and Settlement Procedures, and (b) NYISO principles and practices.

In the event the Authority determines that a modification to the Scheduling and Settlement Procedures and/or methodologies is necessary for consistency with this Agreement, to conform such procedures and/or methodologies to the requirements of the NYISO, or to improve the efficiency of NYPA and/or Customer operations, the Authority shall first consult with Customers and Customer Associations in order to identify and attempt to mitigate any adverse impacts on the Customers that may result from the proposed modification. Where such modification in procedure and/or methodology may result in a more than de minimis adverse impact on the Customer, such good faith consultations shall seek to maintain or restore the relative positions of the Parties with respect to the rights, obligations, benefits and burdens as contemplated at the time of execution of this Agreement. Ninety (90) days after the commencement of such consultation, NYPA will have the sole discretion to finalize such procedure and/or methodology unless one or more of the Customers in good faith informs NYPA that it cannot conform to the new procedures within that time, in which case it will be allowed a reasonable extension to make the necessary changes. Any modifications to the procedures and/or methodologies must be consistent with this Agreement and the NRA.

XI. Metering

Each Customer delivery point shall utilize revenue grade metering instrumentation, consistent with the NYISO Metering Requirements Manual (or its successor) that measures the Native System Load from all sources. In cases in which NYPA does not own the meter as of the Effective Date, NYPA shall have direct remote read access to the meter interval and register data via NYPA's MV90 system (or its successor or equivalent), and NYPA shall be invited to witness calibration test(s) of the meter. All new interconnections shall be metered by NYPA-owned metering instrumentation. In the event that NYPA determines that the cost of new interconnections to a legacy metering system is unreasonably expensive, the Customer and NYPA will meet to develop a reasonably acceptable alternative.

In the event that remote access is temporarily unavailable, Customer shall send such interval and register data to NYPA, through a medium and protocol specified by NYPA in its sole discretion, provided, however, that there shall be no requirement of a daily provision of such data during the period of temporary unavailability. Customer shall provide such data to NYPA on a reasonable but no less than weekly basis. Any requirements of this paragraph shall be at the sole cost of the Authority.

At the Customer's sole discretion, and at no cost to the Customer, the Customer may access information produced by the "Base" service level (or the "Base" service level's prospective equivalent) of NYPA's New York Energy Manager ("NYEM") based upon the data collected from Customer's electric system. Should Customer enroll in NYEM at levels other than the NYEM "Base" or its prospective equivalent, the Customer must pay the fees and associated equipment costs applicable to such level.

XII. Rates

Niagara Project Power and Energy provided by the Authority from the Project shall be sold to the Customer at cost-based rates, consistent with the NRA and the FERC License, and at the "lowest rates reasonably possible" as referred to in the NRA, § 836(b)(1) and at the "lowest possible price" as referred to in the N.Y. Public Authorities Law ("PAL") § 1005(5). The Authority shall charge and the Customer shall pay the preference power rates as adopted by the Authority's Trustees, as revised from time to time at the discretion of the Authority's Trustees, exercised in accordance with the terms and conditions of this Agreement. During the Term of this Agreement, the Customer and Customer Associations will not object to rates that apply the following Cost of Service ("CoS") provisions ("Principles and Methodologies"):

- A. Recovery of the "cost of generation, plus capital and operating charges," or any other charge permitted under PAL § 1005(5);
- B. The melding of the costs of the Hydro Projects for ratemaking purposes;

- C. The use of Authority's 'labor/labor' method (i.e. labor ratios) for allocation of Administrative and General ("A&G") costs;
- D. Recovery of capital costs and depreciation expense, as defined below.
 - 1) The Authority's capital costs are defined as rate base (defined in XII.D.2. below) times the Authority's actual long-term debt rate as published annually in the Authority's Consolidated Financial Statements report;
 - 2) The Authority's rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - 3) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority's depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- E. Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority's broad discretion and in accordance with the Authority's obligations under its FERC licenses for the Hydro Projects;
- F. Continuation of existing treatment of energy sales to third parties, including the NYISO;
- G. Use of the Rate Stabilization Reserve ("RSR") for the tracking of any under-collection or over-collection of the Authority's CoS developed for the Hydro Projects, as described in Appendix F;
- H. In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity ("UCAP") and Ancillary Services revenues;
- I. The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;

- J. Elimination of the ReCharge NY Program normalization in the preference power rate development; and
- K. The RSR reconciliations, as set forth in Appendix F, will be subject to the following:
 - 1) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average "Rest of State" UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - 2) Authority's A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. See Appendix G. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - 3) Authority's Operation & Maintenance ("O&M") expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. See Appendix G. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.
 - 4) Authority's actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.

The terms of this Agreement, to the extent that they specifically contradict the language of existing contracts and practices addressing rates, shall supersede such earlier contracts and practices. In the event the Authority ceases to employ any of the CoS Principles and Methodologies enumerated above, the Customer shall have the right to dispute such action, but shall not have the right to challenge any of the other CoS Principles and Methodologies that are employed in the CoS. Notwithstanding the foregoing, in the event that the Authority, the Customer, or the Customer Associations believe that circumstances call for adding or changing the CoS Principles or

Methodologies, the Parties and Customer Associations agree to good faith negotiations to address these matters.

XIII. Other Classes of Power and Energy

- a. In the event that the Authority, in its sole discretion, and consistent with applicable law, determines that any class of power and energy other than those classes sold pursuant to Service Tariff Nos. 38A and 39A is available for sale to Customer or that additional power and energy under the applicable Service Tariffs is available for sale to Customer, the Authority shall notify Customer as soon as practicable and follow the procedures set forth in Article IV herein.
- b. Customer or its representatives may raise a claim for quantities or classes of Project power and energy beyond those sold to Customer under this Agreement only if and to the extent that the Project capability existing on the date of execution hereof is modified.

XIV. [Reserved for future use]

XV. Communications

- a. Prior to implementing any changes in procedures related to the sale of Firm and Peaking Hydroelectric Power and Energy provided to the Customer under this Agreement, which the Authority determines will impact the Customer, the Authority will notify the Customer of the nature of and reasons for the proposed change and the date of its proposed implementation. Except where the circumstances prevent such notice, such notice shall be provided no fewer than sixty (60) days before the change is implemented.
- b. Any notification or communication required by paragraph (a) or by any other provision of this Agreement shall be provided in writing directly to the individual who has been designated by the Customer as the appropriate contact person, as set forth below:

[Name]
[Title]
[Organization]
[Address]
[phone #]
[e-mail address]

It shall be the responsibility of the individual designated above, and not the Authority, to provide the notification or communication required by paragraph (a) to the individual employed by each Customer in the highest executive or senior managerial position with direct responsibility for electric utility matters.

- c. Any notification or communication by the Customer regarding this Agreement shall be provided in writing directly to the individual in the position designated by the Authority as the appropriate contact person, as set forth below:

[Name]
[Title]
[Organization]
[Address]
[phone #]
[e-mail address]

- d. Any change by the Authority or the Customer regarding the individual designated to receive notices or communications shall be provided in writing, via mail or email.
- e. To the extent practicable, each Party shall provide the maximum time period possible for the notice required in this Article.

XVI. Legal or Regulatory Change

If at any time after the effective date of this Agreement there is any change to any law or regulation applicable to this Agreement, or to any tariff or rule of the NYISO, that substantially alters the contractual relationship between the Parties or the allocation of benefits hereunder, the Parties shall meet for the purpose of determining whether any amendments, revisions or additions to this Agreement are necessary in order to maintain or restore the benefits of this Agreement to each Party as contemplated at the time of execution hereof. If the Parties agree that an amendment, revision or addition is necessary, the Parties shall negotiate in good faith concerning any such amendment, revision or addition to this Agreement.

XVII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the NRA or the FERC License.

XVIII. Venue

Each Party consents to exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under or in any way relating to this Agreement.

XIX. Assignment or Transfer

The Customer may not assign or transfer any part of this Agreement unless the Authority in its sole discretion provides its prior written consent, which consent will not be unreasonably withheld, to such assignment or transfer.

XX. Previous Agreements; Modifications; and Interpretations

This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of the Allocation listed in Appendix A and the subject matter of this Agreement. Such agreement supersedes all previous agreements and communications between the Parties hereto, either oral or written, with reference to the subject matter of this Agreement.

The Prior Agreement is superseded and terminated effective as of the Effective Date of this Agreement, provided, however, that: (i) the Parties shall remain liable to each other for all duties, liabilities, charges and obligations due in accordance with the Prior Agreement that have accrued prior to the Effective Date.

No person who is not a Party/signatory to this Agreement shall have any rights under this Agreement.

No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

No provision of this Agreement shall be construed against a Party on the basis that such Party drafted such provision.

XXI. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC, the Commission, or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of

competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be void and unenforceable.

NYPA and Customer agree that each and every part of this Agreement is in consideration of every other part thereof and if any provision is rendered invalid or unenforceable by the action of any public official, agency, court or other entity having jurisdiction, NYPA and Customer shall have the right to withdraw from the Agreement. The withdrawal of any Customer shall not affect the right of any other Customer to remain bound by this Agreement.

XXII. Waiver

Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XXIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement as a PDF or similar file type transmitted via electronic mail, cloud-based server, e-signature technology or similar electronic means shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

XXIV. Effectiveness of Agreement

This Agreement shall take effect on the Effective Date.

CUSTOMER

By: _____

Authorized Officer's Title

Date: _____

(Seal)

Attested to by: _____

Accepted:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____

Authorized Officer's Title

Date: _____

(Seal)

Attested to by: _____

APPENDIX A

ALLOCATION INFORMATION

Firm and Peaking Hydroelectric Power and Energy Service pursuant to Service Tariff No. XX - X,XXX kW ("Contract Demand")

The Contract Demand described in this Appendix A represents the Customer's single system allocation as of the Effective Date. The Contract Demand includes the impact of all previous IEDP adjustments. NYPA will provide documentation to Customer of any future change(s) in Contract Demand in accordance with Article XV of this Agreement, but will not revise this Appendix. Customer's Contract Demand may change from time to time in accordance with this Agreement and Service Tariff No. XX.

APPENDIX B

HISTORICAL PREFERENCE HYDRO ALLOCATIONS WITHOUT IMPACTS OF INDUSTRIAL ECONOMIC DEVELOPMENT POWER ALLOCATIONS AND EFFICIENCY GAINS

To the extent practical and in accordance with Article IV of this Agreement, historical preference hydro allocations as of June 1989 without the impacts of IEDP allocations and efficiency gains of the Project as described within this Appendix B shall be utilized to allocate among the Customers, additional quantities of Firm Hydroelectric Peaking Power, Firm Hydroelectric Peaking Energy, and other newly developed or categorized classes of power and energy or other products that become available with changes in the electric system.

Customer	Allocation (kW)	Allocation (%)
Akron	7,800	1.0372%
Andover	1,400	0.1862%
Angelica	1,600	0.2128%
Arcade	24,200	3.2181%
Bath	13,500	1.7952%
Bergen	2,400	0.3191%
Boonville	12,900	1.7154%
Brocton	2,700	0.3590%
Castile	1,500	0.1995%
Churchville	3,400	0.4521%
Delaware	9,400	1.2500%
Endicott	9,300	1.2367%
Fairport	76,700	10.1995%
Frankfurt	3,400	0.4521%
Freeport	38,500	5.1197%
Green Island	2,500	0.3324%
Greene	6,800	0.9043%
Greenport	5,300	0.7048%
Groton	4,400	0.5851%
Hamilton	10,800	1.4362%
Holley	4,300	0.5718%
Ilion	12,800	1.7021%

APPENDIX B

Jamestown	73,700	9.8005%
Lake Placid	29,300	3.8963%
Little Valley	3,800	0.5053%
Marathon	4,100	0.5452%
Massena	22,800	3.0319%
Mayville	4,500	0.5984%
Mohawk	4,300	0.5718%
Oneida-Madison	3,500	0.4654%
Otsego	7,900	1.0505%
Penn Yan	11,800	1.5691%
Philadelphia	2,100	0.2793%
Plattsburgh	103,000	13.6968%
Richmondville	2,700	0.3590%
Rockville Centre	28,800	3.8298%
Rouses Point	13,900	1.8484%
Salamanca	13,000	1.7287%
Sherburne	12,900	1.7154%
Sherrill	11,700	1.5559%
Silver Springs	900	0.1197%
Skaneateles	5,100	0.6782%
Solvay	53,200	7.0745%
Spencerport	12,500	1.6622%
Springville	9,300	1.2367%
Steuben	12,600	1.6755%
Theresa	1,500	0.1995%
Tupper Lake	18,800	2.5000%
Watkins Glen	6,200	0.8245%
Wellsville	10,200	1.3564%
Westfield	12,300	1.6356%
Total	752,000	100.000%

APPENDIX C

FULL REQUIREMENTS CUSTOMERS - ZERO EMISSION CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Appendix, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. 38A, or in the Rules.

“Affected LSEs” has the meaning provided in Section II.2 of this Appendix C.

“CES Order” means the Order issued by the PSC entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Full Requirements Customers ZEC Costs” has the meaning provided in Section II.4.b of this Appendix C.

“Government Action” has the meaning provided in Section II.7 of this Appendix C.

“Load Serving Entity” or “LSE”, for the purpose of this Appendix, has the meaning provided in the CES Order.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under its power programs as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Zero Emission Credit” or “ZEC” has the meaning provided in the CES Order.

APPENDIX C

“Zero Emission Credit Charge” or “ZEC Charge” means the charge to the Full Requirements Customer established in this Appendix C.

“ZEC Purchase Obligation” has the meaning provided in Section II.2 of this Appendix C.

“ZEC Program Year” has the meaning provided in Section II.2 of this Appendix C.

II. ZEC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. 38A or the Rules, each Full Requirements Customer shall be subject to a ZEC Charge as provided in this Appendix C. The monthly ZEC Charge shall be in addition to all other charges, fees and assessments provided for in the Agreement, Service Tariff No. 38A and the Rules. By accepting Electric Service under the Agreement, each Full Requirements Customer agrees to pay the ZEC Charge.
2. As provided in the CES Order, the Public Service Commission, as part of the CES and Tier 3 of the Renewable Energy Standard, imposed an obligation on Load Serving Entities that are subject to the CES Order (“Affected LSEs”) to purchase Zero Emission Credits from NYSERDA in an amount representing the Affected LSE’s proportional share of ZECs calculated on the basis of the amount of electric load the LSE serves in relation to the total electric load served by all LSEs in the New York Control Area, to support the preservation of existing at risk nuclear zero emissions attributes in the State (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).
3. The ZEC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of supporting the CES and Tier 3 of the RES and implementing Authority power programs in a manner that is consistent with the New York State Energy Plan. The Authority will comply with the CES and Tier 3 of the RES by applying a form of ZEC Purchase Obligation to the end-user load for which the Authority serves as LSE, including the load that the Authority serves to the Full Requirements Customers.
4. The ZEC Charge, which is intended to recover from each Full Requirements Customer the costs that the Authority incurs for purchasing ZECs in quantities that are attributable to each Full Requirements Customer’s load served under this Agreement, will be determined and assessed to each Full Requirements Customer as follows:

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- a. The cost of the total ZEC Purchase Obligation for all LSEs in the New York Control Area, including the Authority as an Affected LSE, will be assessed pursuant to the methodology provided in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA based on the proportion of the forecasted total kilowatt-hours load served by the Authority (i.e., total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The ZEC Purchase Obligations may be based on initial load forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.
 - b. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as load serving entity, including the Full Requirements Customers load that it serves (the "Full Requirements Customers ZEC Costs"). Such allocation will be based on the forecasted kilowatt-hours load of the Full Requirements Customers to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for each ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of ZEC Purchase Obligations will be allocated to the Full Requirements Customers based on the proportion of the actual annual kilowatt-hours load served to such Full Requirements Customers to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).
 - c. The Authority will allocate a portion of the Full Requirements Customers ZEC Costs to each Full Requirements Customer as the ZEC Charge based on the proportion of each Full Requirements Customer's forecasted annual kilowatt-hours load to be purchased by the Full Requirements Customer to total kilowatt-hours load to be served by the Authority to the Full Requirements Customers (i.e., forecasted Full Requirements Customers level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation referenced above will be passed through to the Full Requirements Customer based on the proportion of the Full Requirements Customer's actual annual kilowatt-hours load purchased under this Agreement to total actual annual kilowatt-hours load served to the Full Requirements Customers by the Authority (actual Full Requirements Customers level load). The ZEC Charge assessed to the Full Requirements Customers shall not include any costs resulting from the Authority's inability to collect a ZEC Charge from any other Authority customer.
5. The Authority may, in its discretion, include the ZEC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill each Full Requirements Customer for the ZEC Charge pursuant to another

APPENDIX C

Authority-established procedure. In either case, the ZEC Charge shall be billed monthly.

The Authority may, in consultation with affected Full Requirements Customers, but in its sole discretion modify the methodology used for determining the ZEC Charge and the procedures used to implement such ZEC Charge on a nondiscriminatory basis among affected Full Requirements Customers, upon consideration of such matters as Public Service Commission orders modifying or implementing the CES Order, guidance issued by the New York Department of Public Service, and other information that the Authority reasonably determines to be appropriate to the determination of such methodology. The Authority shall provide Full Requirements Customers with reasonable notice of any modifications to the methodology or procedures used to determine and implement the ZEC Charge.

6. Nothing in this Appendix shall limit or otherwise affect the Authority's right to charge or collect from the Full Requirements Customers any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. 38A or the Rules.
7. If the ZEC Purchase Obligation is modified or terminated by the Public Service Commission or other controlling governmental authority (collectively, "Government Action"), the Authority shall modify or terminate the ZEC Charge, and assess any additional charges or provide any credits to the Full Requirements Customers, to the extent that the Authority determines such actions are appropriate based on such Government Action.

APPENDIX D

FULL REQUIREMENTS CUSTOMERS – MONTHLY RENEWABLE ENERGY CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. 38A, or in the Rules.

“Alternative REC Compliance Program” has the meaning provided in Section III.1 of this Appendix D.

“Annual REC Percentage Target” has the meaning provided in Section II.2 of this Appendix D.

“CES Order” means the Order issued by the Public Service Commission entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Clean Energy Standard” or “CES” means the Clean Energy Standard adopted by the State in the CES Order.

“Load Serving Entity”, for the purpose of this Appendix, has the meaning provided in the CES Order.

“Mandatory Minimum Percentage Proportion” has the meaning provided in the CES Order.

“Monthly Renewable Energy Credit Charge” or “Monthly REC Charge” means the monthly charge to the Customer established in this Appendix D.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Credit” or “REC” refers to a qualifying renewable energy credit as described in the CES Order.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

APPENDIX D

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under its power programs as authorized in the Power Authority Act.

“Renewable Energy Standard” or **“RES”** means the Renewable Energy Standard adopted by the State in the CES Order.

“REC Compliance Measures” mean: (1) the Authority’s procurement of RECs from NYSERDA in accordance with NYSERDA procedures and/or the CES Order; (2) the Authority’s procurement of RECs from available REC markets; (3) the Authority’s procurement of RECs from sources other than those identified in items (1) and (2) of this definition, including through a procurement process adopted by the Authority; and/or (4) any other measure that the PCS authorizes a Load Serving Entity to implement for the purpose of meeting the applicable Mandatory Minimum Percentage Proportion.

“Total Monthly Full Requirements Customers Load” has the meaning provided in Section II.3.b of this Appendix D.

“Total Monthly REC Costs” has the meaning provided in Section II.3.b of this Appendix D.

II. MONTHLY REC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of Service Tariff No. 38A or the Rules, each Full Requirements Customer shall be subject to a Monthly REC Charge as provided in this Appendix D. The Monthly REC Charge is in addition to all other charges, fees and assessments provided in the Agreement, Service Tariff No. 38A and the Rules. By accepting Electric Service under the Agreement, each Full Requirements Customer agrees to pay the Monthly REC Charge assessed to it.
2. The Monthly REC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of complying with the CES and Tier 1 of the RES and implementing the power allocations and sales made under Authority power programs in a manner that is consistent with the New York State Energy Plan, pursuant to which the Authority will invest in new renewable generation resources to serve its customers. Such investments will be made through the procurement of RECs or other REC Compliance Measures in a manner that is intended to address the annual Mandatory Minimum Percentage Proportions as applied by the Authority to the total Full Requirements Customers load that the Authority will serve each calendar year (the “Annual REC Percentage Target”) for the purpose of ultimately meeting the RES.

APPENDIX D

3. The Monthly REC Charge, which is intended to recover from each Full Requirements Customer costs that the Authority incurs for implementing REC Compliance Measures that are attributable to the load of each such Full Requirements Customer served under this Agreement, will be determined and assessed to the Customer as follows:
 - a. The Authority shall have the right, for each calendar year to implement such REC Compliance Measures as it determines in its discretion to be appropriate for the purpose of meeting the Annual REC Percentage Target for the total Full Requirements Customers load that it will serve during such calendar year.
 - b. The Authority will, for each month of each calendar year, calculate the total costs ("Total Monthly REC Costs") that the Authority has incurred or estimates that it will incur from implementing RES Compliance Measures for the purpose of meeting the Annual REC Percentage Target for the total Full Requirements Customers kilowatt-hour load for the month ("Total Monthly Full Requirements Customers Load"). The Total Monthly REC Costs may be calculated based on forecasts of the Total Monthly Full Requirements Customers Load that the Authority expects to serve for the month, or on a lagged basis based on the actual Total Monthly Full Requirements Customers Load that the Authority served for the month.
 - c. Each month, the Authority will assess to each Full Requirements Customer, as a Monthly REC Charge, an amount which will represent the Full Requirements Customer's share of the Total Monthly REC Costs assessed to the Total Monthly Full Requirements Customers Load. The Monthly REC Charge will be assessed as the proportion of the Full Requirements Customer's total kilowatt-hours load served by the Authority for such month to the Total Monthly Full Requirements Customers Load served by the Authority for such month, provided, however, that:
 - i. the Monthly REC Charge to the Customer shall not include any costs associated with the Authority's inability to collect the Monthly REC Charge from other Authority customers; and
 - ii. the effective per-MWh rate of the Monthly REC Charge to the Customer averaged over the REC Program Year to which the Annual REC Percentage Target applies shall not exceed the per-MWh rate of a Monthly REC Charge based on NYSERDA's published REC price for the REC Program Year.
4. The Authority may, in its discretion, include the Monthly REC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Full Requirements Customers for the Monthly REC Charge pursuant

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to another Authority-established procedure. In either case, the REC Charge shall be billed monthly.

5. The Authority will, at the conclusion of each calendar year in which it assesses a Monthly REC Charge, conduct a reconciliation process based on the actual costs that it incurred for REC Compliance Measures and actual load served for the year, compared with cost or load estimates or forecasts, if any, that the Authority used to calculate the Full Requirements Customer's Monthly REC Charges during the year. The Authority will issue a credit, or an adjusted final charge for the year, as appropriate, based on the results of such reconciliation process. Any such final charge shall be payable within the time frame applicable to the Authority's bills for Electric Service under this Agreement or pursuant to any other procedure established by the Authority pursuant to Section II.4 of this Appendix D.
6. Notwithstanding the provisions of Section II.3 of this Appendix D, if Electric Service for a Full Requirements Customer's Allocation is commenced after the Authority has implemented REC Compliance Measures for the year in which such Electric Service is commenced, and as a result the Full Requirements Customer's load cannot be accounted for in such REC Compliance Measures, the Authority may in its discretion implement separate REC Compliance Measures in order to meet the Annual REC Percentage Target for such Full Requirements Customer's load for the year, and bill the Full Requirements Customer for the costs associated with such separate REC Compliance Measures. For the avoidance of doubt, the reconciled annual REC Compliance Charge for a Full Requirements Customer can never exceed the Full Requirements Customer's total annual load multiplied by the Annual REC Percentage Target for that year multiplied by NYSERDA's published REC price for the REC Program Year.
7. Nothing in this Schedule shall limit or otherwise affect the Authority's right to charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of Service Tariff No. 38A or the Rules.

III. ALTERNATIVE REC COMPLIANCE PROGRAM

1. Nothing in this Appendix D shall be construed as preventing the Parties from entering into other agreements for an alternative arrangement for the Authority to meet the Annual REC Percentage Target with respect to the Full Requirements Customer's Allocation, including but not limited to Customer self-supply of RECs, alternative REC compliance programs and cost allocation mechanisms, in lieu of the Monthly REC Charge provided in this Appendix D (collectively, "Alternative REC Compliance Program").

APPENDIX D

2. The Authority shall communicate at least biennially with the Full Requirements Customers concerning implementation of the RES Compliance Program and potential Alternative REC Compliance Programs, if any, that the Authority is offering or expects to offer.

APPENDIX E

JOINT CUSTOMER/NYPA TASK FORCES: POWERS AND DUTIES

1. The Implementation Task Force shall be composed of up to three representatives from each of NYPA and MEUA respectively and two representatives from NYAPP. The Implementation Task Force shall meet at a minimum, every six months. The Implementation Task Force shall also identify and assist those non-compliant Customers to stay on track prior to NYPA initiating any further actions to enforce the terms of the LTA. The Implementation Task Force shall have a defined, limited time period, of not less than six months, to encourage and support a corrective action plan that will ensure proper compliance. If within one month after the defined time period, the Customer has not completed a mutually agreeable corrective action plan, as between NYPA and the Customers, then NYPA reserves the right to direct the Customer to implement reasonable measures within a reasonable time frame and may, at NYPA's sole discretion, direct the use of the funds collected under Article III(b), supra, to satisfy the intent of this Appendix; provided, however, that NYPA shall first consult with the non-NYPA Implementation Task Force members prior to any such actions directing the Customer to implement such measures and use such funds in a manner consistent thereto. After the exhaustion of remedies by the Customer, NYPA's exclusive enforcement mechanism under this Appendix is to direct the collection of a 1 mil adder and to direct the Customer to spend such adder on a qualified program. Notwithstanding the foregoing, to the extent the Commission has jurisdiction over the Customer, such corrective action plans may be subject to Commission approval.
2. The Technology & Innovation Task Force shall be composed of up to three representatives from each of NYPA and MEUA respectively and two representatives from NYAPP, and may have additional members, including but not limited to the New York State Energy Research and Development Authority, the Electric Power Research Institute, the Large Public Power Council, and the Independent Energy Efficiency Program, as appropriate. The Technology & Innovation Task Force shall meet at a minimum, every six months. The Technology & Innovation Task Force will investigate and pursue as appropriate, technologies and innovations at the locus of New York State energy policy, Customer needs, and Authority leadership.
3. With NYPA's support, the Customers may pursue with best efforts additional funding resources (Federal and State) for all Customers to access in support of larger-scale and multi-Customer projects.

APPENDIX F

NEW YORK POWER AUTHORITY RATE STABILIZATION RESERVE METHODOLOGY

The Rate Stabilization Reserve (or RSR) is a rate making mechanism by which NYPA reconciles its actual annual cost of service and revenues to the projections used to set rates. The purpose is to reconcile the projected cost of service as defined herein and associated revenues to actuals. The difference is then added to or subtracted from the reserve (the accumulation of previous annual differences). If the absolute value of the reserve exceeds \$25MM, the excess will be charged or credited to Customers. The Parties recognize that the current RSR methodology may be changed if such change is deemed to be advantageous to the Parties. Any Party may propose changes to the RSR calculation method. Following notification of a proposed change, the Parties will engage in good faith discussions about the proposed change. It is presently calculated consistent with Service Tariff Nos. 38A and 39A regarding the Flow Adjustment Computation (FAC). The annual calculation (an example of which is included below) is described below:

1. Calculate the total Cost of Service (CoS) for the Hydro Projects. Costs include: Operations and Maintenance, relicensing costs, Administrative and General Costs, Depreciation and Capital Costs (using rate base times the Authority's actual long-term debt rate as set forth in Article XII).
2. Evaluate revenues to be assessed against the total CoS as follows:
 - a) UCAP Credit will be the actual revenues from excess UCAP sales², including calculated revenues associated with internal transfers of UCAP for NYPA's non-hydro customers, and accounting for UCAP adjustments for firm supply customers with locational capacity requirements.
 - b) Ancillary Services Revenues will be the actual revenues from the Hydro Projects' sale of all existing Ancillary Services, and any future Ancillary Services authorized under the NYISO Tariffs.
 - c) Demand Sales Revenues will be determined by multiplying the sum of the Hydro Projects' firm customer billed demands by the preference power demand rate.
 - d) Energy Sales Revenues will be determined by multiplying Hydro Projects' annual metered generation by the preference power energy rate.
3. Calculate the difference between the total CoS in Step 1 and the sum of the revenues established in Step 2 above ("Total Annual Surplus/(Shortfall)").
4. Divide the Total Annual Surplus/(Shortfall) by the Hydro Projects' annual metered generation ("Annual RSR Rate").

² As part of the CoS, NYPA will credit the excess UCAP revenues from the Hydro Projects' sales into the various ISO auction markets. UCAP credits associated with NYPA's bilateral transactions will be done in accordance with Article XII.K.1.

APPENDIX F

5. Multiply the Annual RSR Rate by the actual energy from preference power rate customers ("Annual RSR Contribution").
6. Add the Annual RSR Contribution to the RSR balance from the prior year-end to get the current year-end RSR balance.
7. If the current year-end balance is in excess of +/- \$25 million, the excess would be subject to a credit or a surcharge in the subsequent rate year.

APPENDIX G

RSR EXAMPLE

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
RATE STABILIZATION RESERVE (RSR) COMPUTATION
ILLUSTRATIVE EXAMPLE

Line No.	Description	PRIOR YEAR	CURRENT YEAR
[1]	Total COS		\$350,000
[2]	Preference Power Demand Rate (\$/kW)		\$4.70
[3]	Preference Power Energy Rate (\$/MWh)		\$4.92
[4]	Firm Customer Demands (MW)		31,500
[5]	Annual Generation (GWh)		23,000
[6]	Revenue Sources		
[7]	UCAP Credit		\$50,000
[8]	Ancillary Services		\$22,000
[9] = [2]*[4]	Demand Sales Revenues		\$148,050
[10] = [3]*[5]	Energy Sales Revenues		\$113,160
[11] = [7]+[8]+[9]+[10]	Total Revenue Sources		\$333,210
[12] = [11]-[1]	Total Annual Surplus/(Shortfall)		(\$16,790)
[13] = [12]/[5]	Annual RSR Rate		(\$0.73)
[14]	Preference Power Energy (GWh)		6,941
[15] = [13]*[14]	Annual RSR Contribution		(\$5,067)
[16]	RSR Balance at Year End	\$0	(\$5,067)
<i>Note: All \$ values in \$ Thousands unless otherwise stated</i>			

APPENDIX G

Cost Projection Assumptions (In \$ Millions)

Gross Administrative & General (A&G)	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
Gross HQ A&G ¹	38.74%	\$211.95	\$220.43	\$229.25	\$238.42	\$247.96	\$257.87	\$268.19
Gross R&D General ¹	38.74%	\$4.59	\$4.78	\$4.97	\$5.17	\$5.37	\$5.59	\$5.81
Gross R&D Production ¹	62.98%	\$1.50	\$1.56	\$1.62	\$1.69	\$1.76	\$1.83	\$1.90
Gross NIA & STL A&G (Reg Comm Fees) ¹	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
Gross NIA & STL A&G (Other) ¹	61.51%	\$7.41	\$7.71	\$8.02	\$8.34	\$8.67	\$9.02	\$9.38
Total Gross A&G ¹		\$229.90	\$239.09	\$248.66	\$258.60	\$268.95	\$279.71	\$290.90

Allocated A&G	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
HQ A&G ²	38.74%	\$82.11	\$85.39	\$88.81	\$92.36	\$96.06	\$99.90	\$103.89
R&D General ²	38.74%	\$1.78	\$1.85	\$1.92	\$2.00	\$2.08	\$2.16	\$2.25
R&D Production ²	62.98%	\$0.95	\$0.98	\$1.02	\$1.06	\$1.11	\$1.15	\$1.20
NIA & STL A&G (Reg Comm Fees) ²	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
NIA & STL A&G (Other) ²	61.51%	\$4.56	\$4.74	\$4.93	\$5.13	\$5.33	\$5.55	\$5.77
Total Allocated A&G ²		\$93.83	\$97.58	\$101.49	\$105.55	\$109.77	\$114.16	\$118.73

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations based on the annual updates to labor ratios.

Operation & Maintenance (O&M)	2025	2026	2027	2028	2029	2030	2031
NIA Direct O&M ¹	\$52.72	\$61.46	\$57.07	\$45.36	\$46.69	\$48.05	\$49.44
STL Direct O&M ¹	\$26.30	\$28.79	\$30.37	\$30.72	\$31.62	\$32.54	\$33.48
NIA Indirect O&M ¹	\$11.50	\$11.96	\$12.44	\$12.82	\$13.19	\$13.57	\$13.97
STL Indirect O&M ¹	\$7.27	\$7.56	\$7.87	\$8.10	\$8.34	\$8.58	\$8.83
Grants, Relicensing & Settlements ²	\$14.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43
Total O&M	\$112.23	\$126.20	\$124.18	\$113.43	\$116.26	\$119.17	\$122.15

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations. Actual emergent work at the NIA and STL facilities will be subject to reconciliation through the annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations.



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 "Agreement" means an executed written agreement between Customer and Authority for the sale of Niagara Project Power and Energy.

C. 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 as defined in the Agreement.

D. The term "Billing Demand" has the meaning set forth in Section III of this Service Tariff.

E. The term "Billing Period" has the meaning set forth in Section III of this Service Tariff.

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 an Agreement with Authority.

H. The term "Firm Hydroelectric Power" means capacity (kW) from the 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 Agreement, 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 as defined in the Agreement.
- J. The term “Firm Hydroelectric Peaking Power” means additional capacity (kW) from Project as defined in the Agreement.
- 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 Factor Share” (“LFS”) has the meaning defined within Section IV of this Service Tariff.
- N. The term “Load Serving Entity” (“LSE”) has the meaning set forth in the Agreement, consistent with the NYISO Tariffs as may be modified from time to time.
- O. 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.*
- P. The term “NYISO” refers to the New York Independent System Operator, Inc. or any successor organization.
- Q. 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.
- R. The term “Project” means the Authority’s Niagara Power Project.
- S. 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.
- T. The term “Service Tariff” means this Service Tariff No. 38A.
- U. The term “Transmission Service Charge” (“TSC”) 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	<u>Energy Rate</u> Mills/kWh
5/1/2018 until superseded	4.07	4.92

B. Monthly Demand Charge

The product of the demand rate set forth above and the Billing Demand.

C. 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 Agreement, 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 Agreement, 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 TSC 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 LSE 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 of Firm Hydroelectric Energy associated with the Customer's allocation of Firm Hydroelectric Power provided to Customer under this Service Tariff shall be quantified using the LFS methodology as follows:

- a. For every hour of the Billing Period, the Customer receives hydropower energy (Firm Hydroelectric Energy) equal to the hourly metered load multiplied by the ratio of Customer's Contract Demand divided by the maximum hourly metered demand recorded in a given Billing Period, such ratio not to exceed the value of 1.
- b. When the maximum hourly metered demand for the Billing Period is less than or equal to the Contract Demand, all of the Customer's metered load will be supplied by Firm Hydroelectric Energy.
- c. When the maximum hourly metered demand for the Billing Period is greater than the Contract Demand, the portion of the Customer's metered load to be supplied by Firm Hydroelectric Energy is the sum of the values, for each hour of the Billing Period, of the Contract Demand divided by the maximum hourly metered demand in the Billing Period multiplied by the hourly metered energy consumption.
- d. All demand values will be adjusted for losses.

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.

3. Adverse Water Condition

Consistent with the Agreement, in the event of an Adverse Water Condition, the Authority may reduce the amount of Firm and Peaking Hydroelectric Power and 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 and Peaking Hydroelectric Power and Energy.

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

There is no Power Factor adjustment of charges. 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 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 Agreement, the provisions of the Agreement 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, 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 Agreement.



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

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

Service Tariff No. 39A

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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 Partial 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 “Agreement” means an executed written agreement between Customer and Authority for the sale of Niagara Project Power and Energy.

C. 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 as defined in the Agreement.

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

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

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 Partial Requirements Municipal and Rural Electric Cooperative systems located within the State of New York identified as a counter-party in an Agreement with Authority.

H. The term “Firm Hydroelectric Power” means capacity (kW) from the 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 Agreement, 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 as defined in the Agreement.
- J. The term “Firm Hydroelectric Peaking Power” means additional capacity (kW) from Project as defined in the Agreement.
- 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 “Load Serving Entity” (“LSE”) has the meaning set forth in the Agreement, consistent with the NYISO Tariffs, as may be modified from time to time.
- M. 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.
- N. The term “NYISO” refers to the New York Independent System Operator, Inc. or any successor organization.
- O. 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.
- P. The term “Partial Requirements” as used in this Service Tariff to describe Customer, means that Customer does not purchase all of its power and energy requirements from Authority.
- Q. The term “Project” means 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. 39A.
- T. The term “Transmission Service Charge” (“TSC”) 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	<u>Energy Rate</u> Mills/kWh
5/1/2018 until superseded	4.07	4.92

B. Monthly Demand Charge

The product of the demand rate set forth above and the Billing Demand.

C. 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 amount of hydroelectric kilowatts contracted for in the Agreement, as such amount may be modified from time to time pursuant to the terms of the Agreement, as measured at Authority's generating station switchyards.

E. Billing Demand

The Billing Demand shall be the lesser of (a) the hydroelectric 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")

Each Customer is directly responsible for NYISO Charges because either it 1) is its own Load Serving Entity, or 2) has made provisions for a third party to perform LSE functions on its behalf. Authority is not responsible for NYISO Charges related to sales of Project Firm and Peaking Hydroelectric Power and Energy to the Partial Requirements Municipal and Rural Electric Cooperative Systems under this Service Tariff. Should these arrangements cease, and no new arrangements for (1) or (2) be made and instead Authority assumes the role of performing Load Serving Entity functions for any Customer receiving power service under this Service Tariff, the Customer shall compensate Authority for the following NYISO Charges if assessed on the Authority 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, provided however, that such compensation shall be consistent with all provisions of the Agreement between Authority and Customer:

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 TSC assessed upon Authority by the local utility;
6. Any and all other charges, assessments or other amounts associated with deliveries to Customer that are assessed on Authority by the NYISO under the provisions of the NYISO Tariffs or under other applicable tariffs;and

7. Any charges assessed on 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 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 Authority production charges that are charged to Customer in accordance with other provisions of this Service Tariff.

H. 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 allocated to Customer under this Service Tariff during a Billing Period shall be the amount scheduled for the Billing Period up to a maximum of the product of (a) the Billing Demand, (b) the number of hours in the Billing Period and (c) Customer's system load factor for the corresponding billing period in the previous year.

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.

3. Adverse Water Condition

Consistent with the Agreement, in the event of an Adverse Water Condition, the Authority may reduce the amount of Firm and Peaking Hydroelectric Power and 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 and Peaking Hydroelectric Power and Energy.

C. Energy Scheduling

Subject to the provisions of Authority Partial Requirements Customer Scheduling and Reconciliation Procedures ("the Procedures") which may be modified by Authority from time to time pursuant to the Agreement, Customer may schedule during Billing Period an amount of energy equaling up to the product of (a) the Contract Demand, (b) the number of hours in the Billing Period and (c) Customer's system load factor for the corresponding billing

period in the previous year. Over-scheduled energy shall be reconciled in accordance with the Procedures.

Customer will use Good Utility Practices (as defined in section D herein) to ensure that it does not schedule in any hour more energy than the lesser of Customer's load in such hour, adjusted for losses, or Customer's Contract Demand. Over the course of a billing period, Customer will use Good Utility Practices to ensure that it does not schedule more energy than the lesser of Customer's total monthly energy requirements, adjusted for losses, or Customer's energy entitlement for the Billing Period as determined in the foregoing Section IV,B entitled "Allocation of Energy".

In the event that the amount of energy scheduled by Customer in any hour during the Billing Period exceeds the "highest 30-minute integrated demand" referenced in the foregoing Section III-E entitled "Billing Demand", then for purposes of computing the Billing Demand, the highest hourly schedule submitted by Customer for the Billing Period shall be deemed to be the highest 30-minute integrated demand measured during the Billing Period, adjusted for losses.

D. Good Utility Practices

For the purposes of this Service Tariff, "Good Utility Practices" shall mean any of the practices, methods and acts engaged in or accepted by the NYISO or its successor, the Northeast Power Coordinating Council ("NPCC"), the North American Electric Reliability Corporation ("NERC") and a significant portion of the electric utility industry ("Industry") at the time the decision was made, which would have been expected to accomplish the desired result at a reasonable cost given the circumstances, consistent with the NYISO's, the NPCC's, the NERC's and the Industry's standards and practices for economy, reliability, safety and expedition with due regard for the protection of the environment. Good Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather to a spectrum of possible practices, methods or acts engaged in or accepted by the NYISO, NPCC, NERC and Industry at the time the decision was made. Should there be conflicts between the practices, methods and acts of the NYISO, NPCC and NERC versus the Industry, the NYISO, NPCC and NERC standards and practices shall prevail.

E. 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.

F. 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 Agreement, the provisions of the Agreement 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, 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 Agreement.

POWER AUTHORITY
OF THE
STATE OF NEW YORK

30 South Pearl Street
Albany, New York

AGREEMENT FOR THE SALE
OF NIAGARA PROJECT POWER AND ENERGY TO
BARGAINING AGENT/CUSTOMER

Service Tariff No. NS-1 - Firm Hydroelectric Power and Energy Service
Service Tariff No. NS-2 – Firm Peaking Hydroelectric Power and Energy Service
Service Tariff No. NS-3 - Non-Firm Hydroelectric Energy Service

POWER AUTHORITY OF THE STATE OF NEW YORK

30 South Pearl Street

Albany, New York 12207

AGREEMENT FOR THE SALE OF HYDROPOWER AND ENERGY

_____, which is the bargaining agent for the State of _____, hereby enters into this Agreement with the Power Authority of the State of New York (hereinafter called the "Parties"), for electric service as follows:

I. Definitions

Adverse Water Condition means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers of the Authority who are served by the Project.

Agreement means this Agreement.

Authority is the Power Authority of the State of New York.

Contract Demand will be the amounts set forth in Article II or such other amount as may be determined in accordance with the provisions of this Agreement.

Customer is the bargaining agent identified above.

Designated States means the states represented by the Neighboring State Customers.

Distributing Entities are the entities listed in Appendix A to this Agreement.

Effective Date means the date that this Agreement is fully executed by the Parties

Electric Service is any type of power and energy available to Customer in accordance with applicable Service Tariffs, Rules and other contract documents.

FERC means the Federal Energy Regulatory Commission (or any successor organization).

FERC License means the license issued by FERC to the Authority on March 15, 2007 for the continued operation and maintenance of the Niagara Power Project, FERC Project No. 2216, which became effective September 1, 2007.

Firm Hydroelectric and Firm Hydroelectric Peaking Power and Energy means Firm Hydroelectric Energy, Firm Hydroelectric Power, Firm Hydroelectric Peaking Energy, and Firm Hydroelectric Peaking Power supplied from the Project under this Agreement, the Rules, and applicable Service Tariff.

Firm Hydroelectric Energy means energy (kWh) associated with Firm Hydroelectric Power intended to be available at all times except for limitations provided in this Agreement, the Rules, and applicable Service Tariff.

Firm Hydroelectric Peaking Energy means energy (kWh) associated with Firm Hydroelectric Peaking Power supplied at 12.5% monthly load factor.

Firm Hydroelectric Peaking Power means additional capacity (kW) from the Project intended to be available during Customer's peak load periods and limited as to the associated Firm Hydroelectric Peaking Energy to be supplied as set forth in this Agreement, the Rules, and applicable Service Tariff.

Firm Hydroelectric Power means capacity (kW) from the Project intended to be available at all times except for limitations provided in this Agreement, the Rules, or applicable Service Tariff. Firm Hydroelectric Power shall not include Firm Hydroelectric Peaking Power.

Hydro Projects is a collective reference to the Niagara Power Project (defined as "Project" herein) and the St. Lawrence-FDR Project, FERC Project No. 2000, owned and operated by the Authority.

Mutual Assistance is the practice of coordinated sharing of resources between electric systems for the purpose of restoring safe electric service and maintaining electric grid resilience and reliability, and is an essential part of the electric power industry's service restoration process and contingency planning.

Neighboring State Customers means Customer and all other neighboring state bargaining agents that receive service from the Niagara Power Project.

Non-Firm Hydroelectric Energy is all energy from the Authority's Niagara Power Project that is in addition to the energy associated with Firm and Peaking Hydroelectric Power and Energy that is available from time to time, and that is subject to interruption for extended periods because of decreased water flow or other system conditions.

NRA means the federal Niagara Redevelopment Act (18 USC §§ 836, 836a).

NYISO means the New York Independent System Operator, Inc. or any successor organization.

NYISO Capability Period is as defined in the NYISO Open Access Transmission Tariff: Six-month periods which are established as follows: (1) from May 1 through October 31 of each year; and (2) from November 1 of each year through April 30 of the following year; or such other periods as may be determined by the Operating Committee of the NYISO.

Planned Hydropower Curtailment means a temporary reduction in the amount of Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) which the Customer is entitled to receive under this Agreement, which the Authority makes in response to an Adverse Water Condition that the Authority (i) anticipated, and (ii) provided advance notice of pursuant to Section XIII.b of this Agreement.

Project means the Niagara Power Project, FERC Project No. 2216.

Project Power and Energy means Firm Hydroelectric and Firm Hydroelectric Peaking Power and Energy, and such additional services as may be sold to Customer at any time during the term of this Agreement produced by the Project; as set forth in Article II(d) below, this shall not be construed as limiting Customer's right to claim entitlement to other Project products and services under the terms of the NRA and the FERC License.

Relicensing Settlement Agreement means the Niagara Power Project, FERC Project No. 2216 Relicensing Settlement Agreement addressing allocation of Niagara Project Power and Energy to the Neighboring State Customers dated August 5, 2005.

RTO means an entity that, as a Regional Transmission Organization, operates transmission facilities and centralized wholesale power markets in a region pursuant to authority granted by one or more agreements or tariffs that have been accepted or approved by FERC. This term shall also refer to an independent system operator (ISO) that operates in a similar manner to an RTO and pursuant to agreements or tariffs accepted or approved by FERC, but does not refer to the NYISO.

Rules are the applicable provisions of the 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).

Service Tariffs are schedules establishing rates and other conditions for sale of Electric Services to Customer.

Substitute Energy means energy that is provided to a Customer by or through the Authority for the purpose of replacing Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) that is not supplied to the Customer due to a Planned Hydropower Curtailment or Unplanned Hydropower Curtailment. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.

Unplanned Hydropower Curtailment means a temporary reduction in the amount of Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) which the Customer is entitled to receive under this Agreement, which is made by the Authority in response to an Adverse Water Condition that the Authority did not anticipate.

II. Electric Service to be Provided

- a. The Authority shall provide Electric Service pursuant to Service Tariffs for Power and/or Energy to enable the Customer to receive its allocations from the Project in accordance with the provisions of the FERC License, in the amounts set forth below*:

Firm Hydroelectric Power and Energy Service pursuant to
Service Tariff No. NS-1 - 8,300 kilowatts (Contract Demand)

Firm Peaking Hydroelectric Power and Energy Service pursuant to
Service Tariff No. NS-2 - _____ kilowatts (Contract Demand)

Non-Firm Hydroelectric Energy Service pursuant to
Service Tariff No. NS-3 - As available

*Allocations will be adjusted for the remainder of the term on or about January 1, 2026, per Article XII.

- b. The Contract Demands for Project Power and Energy may be modified by the Authority if the amounts of such Project Power and Energy available for sale from the Project are modified as required to comply with any ruling, order or decision of any regulatory or judicial body having jurisdiction, provided that in the event of such a modification, the aggregate percentage of the Project Power and Energy allocated to Neighboring State Customers shall be ten percent (10%) of all Project Power and Energy, as modified, or such other percentage as may be established in accordance with Article III below. In the event the capability of the Project is modified, the Authority shall conduct a study to determine the effect of such capability change on the amount of Project Power and Energy.

Separately and additionally, when the Authority conducts a discrete program of changes or upgrades to the Project, such as a program of upgrades to the Project's generating units, the study referred to in the foregoing sentence shall be

conducted at the completion of such program. If additional quantities of Project Power and Energy are produced from the Project as a result of such capability changes or upgrades, the aggregate percentage of such additional quantities of Project Power and Energy to be offered to Neighboring State Customers shall be such that the total amount of each category of Project Power and Energy offered to Neighboring State Customers shall be ten percent (10%) of each category of Project Power and Energy, as modified, or such other percentage as may be established in accordance with Article III below. Customer's share of any additional quantities of Project Power and Energy, which it has no obligation to purchase, shall be based on its proportional share of the allocation among the Neighboring State Customers of Project Power and Energy, as applicable.

- c. Except as otherwise provided in Article III below, ten percent (10%) of all Project Non-Firm Hydroelectric Energy shall be made available pursuant to Service Tariff No. NS-3 to Neighboring State Customers on a cumulative basis effective on the commencement of service under this Agreement. Non-Firm Hydroelectric Energy from the Project shall be offered to all Neighboring State Customers in proportion to their respective firm power allocations (i.e., based on the Project capacity existing as of the effective date of this Agreement as it may be subsequently modified pursuant to Article II.b.). More specifically, the Customer's Non-Firm Hydroelectric Energy allocation from the Project will be equal to the Customer's Contract Demand for Firm Hydroelectric Power (in kW) divided by the sum of the Neighboring State Customers' Contract Demands for Firm Hydroelectric Power (in kW) times the total Project Non-Firm Hydroelectric Energy available to all Neighboring State Customers. To the extent that there is a balance of Project Energy owed to either the Customer or the Authority on the effective date of service under this Agreement, arising out of service under a prior agreement for the sale of Project Non-Firm Hydroelectric Energy, that balance shall be carried over and maintained as the balance as of the effective date of service under this Agreement. The Authority shall make available periodically, but at least semi-annually, a tabulation showing cumulative comparisons between total actual Non-Firm Hydroelectric Energy sales to each Neighboring State Customer and the amount of Energy the Authority has contracted to make available. The Authority shall provide backup documentation for said tabulations at the request of Customer.
- d. Neither the identification of the Electric Service to be provided under this Article nor other provisions of this Agreement shall be construed as limiting either Customer's or the Authority's rights under the NRA or the FERC License with respect to whether there are now or will be in the future additional products or services ("Additional Products") from the Project that are required to be offered to Customer. Nothing in this Agreement shall preclude Customer from requesting a ruling from FERC or taking any other action to require the Authority to provide Additional Products from the Project to Customer. For avoidance of doubt, Additional Products does not include environmental attributes, which is addressed separately in Article XIV, below.

III. Modification of Neighboring State Customers Allocations

Nothing in this Agreement shall preclude the Authority from requesting a ruling from FERC, no earlier than two years after the initiation of service pursuant to this Agreement, and on at least 30 days written notice to the Neighboring State Customers that the aggregate amount of Project Power and Energy sold hereunder to Neighboring State Customers as a group, and the portion thereof sold to Customer hereunder may, under the terms of the NRA and the FERC License, be reduced to less than ten percent (10%), but in no event shall such aggregate amount be less than seven and one-half percent (7.5%) of each class of Project Power and Energy. Nothing in this Agreement shall preclude Customer from opposing any such request by the Authority. In addition, any such reduction shall be only as allowed by a final, non-appealable FERC order and shall be prospective only from the date that is the first day of a month that is at least 90 days following the date upon which such order becomes final and non-appealable. Nothing in this Article or this Agreement shall be construed as an admission by the Authority or Customer as to the amount of Project Power and Energy required to be sold to the Neighboring State Customers under the NRA and the FERC License. Upon the issuance of written notice by the Authority of its intent to seek such a ruling from FERC, Customer may prospectively, from the date of such notice, by written notice to the Authority elect not to be bound by the terms of Article X below, concerning Rates.

IV. Rules, Regulations and Service Tariffs

The Rules, Service Tariff No. NS-1, Service Tariff No. NS-2 and Service Tariff No. NS-3, as now in effect and/or such superseding tariffs or other tariffs as the Authority may later promulgate, all as such Rules and Service Tariffs may be later amended from time to time by the Authority, are hereby incorporated into this Agreement with the same force and effect as if herein set forth at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariffs and the Rules, the provisions of the Service Tariffs shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariffs, the provisions of this Agreement shall govern. The Authority shall provide at least thirty (30) days prior written notice to Customer of any proposed change in the above Rules and Service Tariffs, but in no event shall Authority provide less notice than that provided to similarly affected customers within New York State.

V. Resale of Project Power and Energy

In reselling and distributing Project Power and Energy purchased from Authority, Customer shall: (i) do so pursuant to the appropriate laws of the State or Commonwealth in which Customer operates, (ii) do so without profit other than reasonable compensation for administrative and service costs, (iii) resell such Project Power and Energy only to the Distributing Entities designated in Appendix A of the Application for Electric Service filed by Customer with Authority and

maintained on a current basis, and which are “public bodies or nonprofit cooperatives” under the NRA (“Distributing Entities”), (iv) to the extent it is capable of doing so, not permit such Distributing Entities to sell such Project Power and Energy for resale except as designated in Appendix A of the Application for Electric Service, (v) to the extent it is capable of doing so, require such Distributing Entities to resell the Project Power and Energy without profit except for administrative and services costs of the Customer and reasonable compensation (as allowed by the regulatory agencies authorized by law to regulate the rates and practices of the Distributing Entities) for use of facilities and for services furnished in the transmission and distribution of such power, and (vi) comply with the provisions of the NRA, the FERC License and the New York Power Authority Act (N.Y. Pub. Auth. Law Section §1000 et seq.), to the extent such Power Authority Act is not inconsistent with the FERC License. Neither the Customer nor any Distributing Entity may resell the Project Power and Energy purchased from the Authority into their RTO's market for financial settlement; provided, however, Customer and any Distributing Entity shall be permitted to continue offering Project Power and Energy purchased from the Authority into an RTO market where doing so is necessary to satisfy applicable requirements of the RTO in meeting Customer's load obligations.

Customer shall keep its books, accounts and records pertaining to the purchase, delivery and sale of Authority Power and Energy according to procedures reasonably deemed necessary by Authority to ensure compliance with applicable statutes, licenses, the Rules and shall require its Distributing Entities to do likewise. It shall provide such information and permit such inspection of its books and records as Authority may reasonably request and shall require its Distributing Entities as identified in Appendix A to the Agreement to do likewise.

If the Authority determines that Customer, or any Distributing Entity is engaged in resale of such Project Power and Energy in a manner inconsistent with this Agreement, Authority may require Customer to cease the resale of Project Power and Energy to such Distributing Entity.

VI. Determination of Monthly Energy Allocations and Distributing Entities

Monthly energy allotments shall be determined by the Authority using the monthly load factors, which will be updated on an annual basis. Load factors will be calculated from the Customer's aggregated system-wide hourly interval load data for each month of the year two years prior for all end user recipients of Project Power and Energy under this Agreement. If Customer has recipients that do not have readily available historical load data, the Customer may substitute aggregated monthly billing determinants for energy and demand for those recipients as a data contribution to the load factors as set forth below. The Customer's monthly load factor calculation will be as follows:

$$(\text{System-wide monthly energy MWh}) \div [(\text{monthly coincident peak demand MW}) \times (\text{number of hours in the month})]$$

The hourly load data and substitute aggregated billing determinant data shall be submitted to the Authority within 30 days of the execution date of this Agreement, for the calendar year two years earlier. For each subsequent year, the data submitted by Customer shall be for the calendar year two years earlier, and shall be submitted to the Authority by the second Monday in March. The system-wide monthly load factors shall be updated annually by the Authority based on the load factors of all of the Customer's recipients of Project Power and Energy provided under this Agreement for which load data from the calendar year two years earlier are readily available.

If Customer has individual recipients that do not have readily available historical load data, these recipients may be excluded from the annual calculation of the Customer's system-wide load factors provided that the aggregate of excluded recipients does not exceed 7% of the aggregate monthly energy (MWh) of the Customer's entire system-wide load.

If a Customer does not have interval load data readily available for at least 93% of the aggregate monthly energy (MWh) of its recipients of Project Power and Energy under this Agreement, those recipients may substitute all or a portion of this 93% with hourly load data for calendar month billed energy (MWh) and billed demand (MW) as recorded and quantified by revenue grade metering equipment, for the calendar year two years earlier. The substituted monthly load factors will be weighted for the portion of the Customer's system-wide MWh they represent and combined with the load factors calculated with the otherwise supplied interval load data for the remainder of the Customer's system. Assuming a threshold of 93% of energy is reached, the Authority will determine the load factor calculation for the Customer.

In the case of a substantial reallocation of power among the Distributing Entities, the monthly load factor, and resulting energy allotment, shall be adjusted no later than the next load factor update date. Appendix A, attached hereto contains, inter alia, a list of all Distributing Entities on whose behalf Customer has contracted for Project Power and Energy.

Customer may at any time, on written notice to the Authority, modify its Appendix A to redistribute its then-existing allocation among authorized recipients in its state. The quantities of Project Power and Energy referred to herein are established by the Authority as part of an allocation of power to New York's neighboring states in order to fulfill statutory and/or license obligations.

VII. Transmission and Delivery of Power and Energy

Customer understands that delivery of Project Power and Energy to the New York State border ("Border") will be made over transmission facilities under the control of the NYISO. At the request of and upon the approval of Customer, the Authority shall arrange for the transmission of the Project Power and Energy supplied hereunder to the Border consistent with Customer's request and the terms of the Open Access

Transmission Tariff (OATT) or other applicable tariff of the NYISO. It is the Customer's responsibility to compensate the Authority for all net costs, including any applicable NYISO related charges (net of credits) associated with transmission to the Border pursuant to the NYISO OATT or other applicable tariff of the NYISO.

In lieu of the Authority arranging transmission service to the Border, Customer may elect, in its sole discretion, to arrange necessary transmission on its own behalf. In that instance, Customer must provide the Authority with requisite notice in order to cancel all preexisting transmission (or delivery) arrangements subject to the terms of such arrangements and waive, for such noticed period, any rights it might have obligating the Authority to provide transmission (or delivery) to the Border. Delivery of Project Power and Energy from the Border to the Distributing Entities' consumers in Customer's State or Commonwealth is the responsibility of Customer or the Distributing Entity, and Customer or Distributing Entity shall make the necessary arrangements to accomplish said delivery.

The Authority shall endeavor to accommodate Customer's request(s) to meet the requirements of other transmission and/or reliability organizations affecting the delivery of Project Power and Energy under this Agreement.

VIII. Scheduling Procedures

The Scheduling Procedures as provided in Service Tariff Nos. NS-1, NS-2 and NS-3 reflect the scheduling requirements of the Authority. In the event the Authority determines that a modification to the Scheduling Procedures or methodologies is necessary to be consistent with this Agreement, or to conform such procedures to the requirements of the NYISO or to improve the efficiency of operations, the Authority shall first consult with Customer in order to identify and mitigate any adverse impacts on Customer that may result from the proposed modification. If the Authority and Customer do not reach agreement on modified Scheduling Procedures or methodologies within 30 days after their initial consultation, the Authority shall furnish Customer prior written notice in accordance with Article XVIII of the Authority's proposed modification of Scheduling Procedures or methodologies, provided that any such modification shall not reduce or impair the Customer's contractual entitlement to Project Power and Energy available hereunder to serve Customer's load.

IX. Dispatching Agent

Customer may elect to designate one or more dispatching agents ("Dispatching Agent") for the purpose of administering the scheduling provisions of Service Tariff Nos. NS-1, NS-2 and NS-3 for the term thereof. The Authority may require Customer or its Dispatching Agent to schedule energy in general accordance with Customer's system load shape, except that Customer may (i) at its option, schedule energy against the aggregate load shape of the RTO region or subregion in which the end-use recipients of Authority electricity purchased by Customer are located, or (ii) with the agreement of the Authority, schedule energy on any other load shape

basis that represents the end-use recipients of the Authority electricity purchased by Customer. Customer may change its specification of the load shape or other basis on which it will schedule energy for a new calendar year by providing not less than three months prior notice to the Authority.

X. Rates

Unless Customer provides written notice to the Authority pursuant to Article III above of its election to not be bound by this Article, the rates charged by the Authority under this Agreement shall be established in accordance with this Article.

Firm and Peaking Hydroelectric Power and Energy and Non-Firm Hydroelectric Energy shall be sold to Customer hereunder at cost-based rates equivalent to rates charged to in-state preference customers. The Authority shall charge and Customer shall pay the preference power rates as adopted by the Authority from time to time for as long as those rates remain in effect during the term of this Agreement. Customer waives any and all objections, suits, appeals or other challenges to the preference power rates adopted by the Authority except as otherwise provided for below.

Customer waives any challenges to any of the following methodologies and principles to the extent that one or more of such methodologies and principles are used by the Authority to set rates in future rate actions initiated by the Authority:

- (i) Recovery of the "cost of generation, plus capital and operating charges," or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Hydro Projects for ratemaking purposes;
- (iii) The use of Authority's 'labor/labor' method (i.e. labor ratios) for allocation of Administrative and General ("A&G") costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority's capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority's actual long-term debt rate as published annually in the Authority's Consolidated Financial Statements report;
 - (b) The Authority's rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);

- (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority's depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority's broad discretion and in accordance with the Authority's obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority's existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;
- (vii) Use of the Rate Stabilization Reserve ("RSR") for the tracking of any under-collection or over-collection of the Authority's CoS developed for the Hydro Projects, as described in Appendix B;
- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity ("UCAP") and Ancillary Services revenues;
- (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
- (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
- (xi) The RSR reconciliations, as set forth in Appendix B, will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average "Rest of State" UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.

- (b) Authority's A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. See Appendix C. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
- (c) Authority's Operation & Maintenance ("O&M") expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. See Appendix C. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.
- (d) Authority's actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article X shall limit the Authority and Customer or Customer's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.

XI. Other Classes of Power and Energy

In the event that the Authority at any time determines that any class of power and energy other than those sold pursuant to Service Tariff Nos. NS-1, NS-2 and NS-3 is available for sale to Customer or that additional power and energy under those Service Tariffs is available for sale to Customer, the Authority shall notify Customer, and Customer may purchase such power and energy hereunder at the rate schedule or schedules then in effect for such power and energy, in such amounts and subject to such terms and conditions as shall then be agreed upon between the Authority and Customer.

XII. Reallocation of Project Power and Energy

- a. The Authority and Customer agree that the Distributing Entities and the consumers for each Distributing Entity in the 2007 agreement's Appendix A,

which will be updated in 2025 for the allocation re-allotment on or about January 1, 2026 supporting allocations of Project Power and Energy among the Neighboring State Customers will be as identified in Appendix A. If Customer is or becomes unable to receive, or chooses not to receive, any or all of the Project Power and Energy allocated to it, such Project Power and Energy shall be reallocated by the Authority pro-rata among all Neighboring State Customers. Customer shall provide written notice to the Authority and all Neighboring State Customers of such inability or election within 30 days of its becoming aware of such inability or election. Upon receipt of such notice by the Authority, any required changes in the allocations of Project Power and Energy among the Neighboring State Customers shall become effective as soon as practicable.

- b. If a Distributing Entity included on Customer's Appendix A is or becomes ineligible to receive preference power pursuant to the NRA or chooses not to receive preference power, Customer shall cease its resale and distribution of Project Power and Energy to such Distributing Entity as soon as practicable after Customer becomes aware of such ineligibility or election. Customer shall provide written notice to the Authority and all Neighboring State Customers of such ineligibility or election as soon as practicable upon its becoming aware of such ineligibility or election. Moreover, in such event, the quantities of Project Power and Energy sold to the Neighboring State Customers shall be reallocated by the Authority pro-rata among all Neighboring State Customers using each state's Appendix A used to establish the initial Contract Demands for the Neighboring State Customers pursuant to this Agreement and if after January 1, 2026, the revised Appendix A used to establish the updated Contract Demands for the Neighboring State Customers pursuant to this Agreement, modified to eliminate the impact of the the Distributing Entity that becomes ineligible or elects not to receive preference power. Any changes in the allocations of Project Power and Energy among the Neighboring State Customers resulting from application of this paragraph shall become effective as soon as practicable.

The Authority and Customer agree that, except for any pro rata reallocation required pursuant to the foregoing subsection a. or subsection b., the rural and domestic customer data supporting allocations among the Neighboring State Customers will be as set forth in Appendix A and will not be revised prior to January 1, 2026.

XIII. Hydropower Curtailments and Substitute Energy

- a. The Authority shall have the right to implement Planned Hydropower Curtailments for any Adverse Water Condition that the Authority anticipated and for which the Authority provided advance notice pursuant to Article XIII.b. of this Agreement. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project.

- b. The Authority will provide the Customer with advance notice of any Planned Hydropower Curtailment that in the Authority's judgment will impact Electric Service. Such notice will be provided no later than the tenth (10th) business day of the month prior to the month in which the Planned Hydropower Curtailment is expected to occur, unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.
- c. The Authority shall have the right to implement Unplanned Hydropower Curtailments for any Adverse Water Condition that the Authority did not anticipate. The Authority will implement Unplanned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project.
- d. The Authority shall notify the Customer of the occurrence and expected duration (if known) of an Unplanned Hydropower Curtailment which in the Authority's judgment will impact Electric Service to the Customer. Such notice will be provided via e-mail (or such other means as the Authority and Customer may agree) to the individuals identified in Article XVIII.d. as promptly as is practicable under the circumstances but in any event shall be provided not later than five (5) business days after the occurrence of each Unplanned Hydropower Curtailment. The notice also will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond.
- e. The Authority will supply each requesting Customer with Substitute Energy during Planned Hydropower Curtailments (subject to the specific provisions of subsection f., below), and will supply each Customer with Substitute Energy during Unplanned Hydropower Curtailments; provided, however, that the supply of Substitute Energy during an Unplanned Hydropower Curtailment will be for the shortest duration that is commercially reasonable under the circumstances.
- f. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer during Planned Hydropower Curtailments to replace the Firm Hydroelectric Power and Energy that would otherwise have been supplied under this Agreement. Such request shall be received by the Authority at least thirty (30) days prior to the start of the six-month NYISO Capability Period, during which time such Substitute Energy shall be supplied by the Authority. The provision of Substitute Energy may be terminated by the Authority or the Customer upon written notice of at least thirty (30) days prior to the start of the subsequent six-month NYISO Capability Period.

- g. Unless otherwise agreed upon by the Parties in writing, Substitute Energy will be sourced from markets administered by the NYISO.
- h. The Authority will provide each Customer with an explanation of all Planned Hydropower Curtailments and Unplanned Hydropower Curtailments, and an accounting of all charges assessed to such Customer for Substitute Energy and for Unplanned Hydropower Curtailments, calculations and notifications as described in subsection XIII.j.
- i. Each Customer shall reimburse the Authority for all costs that the Authority incurs for providing Substitute Energy to such Customer (except as set forth in Section XIII.j. below for Unplanned Hydropower Curtailments). The charges for such costs shall appear on the Authority's bills, and payment of such charges are subject to the provisions of the applicable Service Tariff and the Rules relating to the payment of bills. The Authority's failure to provide notice pursuant to Article XIII.b. or Article XIII.d. shall not affect the obligation of any Customer to pay for Substitute Energy.
- j. When the Authority implements an Unplanned Hydropower Curtailment, the Customer shall reimburse the Authority for Substitute Energy provided to Customer at the preference power rate. The Authority shall calculate the difference between the market cost of Substitute Energy incurred by the Authority and the preference rate for the duration of the Unplanned Hydropower Curtailment, and shall provide a notification to Customer of that differential as it becomes available through the NYISO settlement process for each Unplanned Hydropower Curtailment that results in Substitute Energy purchases. On an annual basis, the differential between costs of Substitute Energy purchases by the Authority during Unplanned Hydropower Curtailments and the costs of preference power rate purchases shall be included in the annual RSR reconciliation.

XIV. Environmental Attributes

Provided it remains permissible under the laws, regulations, orders or rulemakings affecting the Authority's hydroelectric resources, the environmental attributes associated with the Project Power and Energy sold to Customer under this Agreement shall be made available to Customer through the New York Generation Attribute Tracking System ("NYGATS"), New York State's on-line tracking system that records renewable energy certificates. The Authority's provision of environmental attributes to Customer confers on Customer the exclusive right to make beneficial use of such environmental attributes, including the right to utilize, transfer or monetize such environmental attributes as Customer determines in its sole discretion is most advantageous.

XV. Reports

The Authority shall make available annually tabulations showing, on a calendar year basis, the disposition of (i) Firm Hydroelectric Power and Energy (in kW and MWh and as a percentage of firm sales), (ii) Firm Hydroelectric Peaking Power and Energy (in kW and MWh and as a percentage of firm peaking sales), and (iii) any non-firm energy sold during the year to all Niagara Project customer groups, including investor owned utilities, in-state preference customers, Neighboring State Customers, Replacement power customers, Expansion power customers, the NYISO, and any other customers, with such disposition accounting for the total Niagara Project output. The Authority shall provide backup documentation for said tabulations at the request of Customer, provided such information shall not include confidential customer billing information.

XVI. Appointment of Customer Agent

Upon reasonable prior written notice to the Authority, Customer shall have the right to delegate to an agent any or all duties under this Agreement ("Customer's Agent") and the Authority acknowledges that such duties may be performed by Customer's Agent. Such duties delegated to Customer's Agent may include the keeping of all records required by Authority, the payment of any or all amounts due to the Authority under this Agreement and any or all such other duties contained in this Agreement as may be specified by Customer; provided that the Customer may choose to assume and perform any or all of the duties previously delegated to Customer's Agent and provided further that nothing herein, including Customer's designation of such an agent, shall be deemed to be approval by the Authority of an assignment of any of Customer's duties and obligations under its Agreement with the Authority. Customer further reserves the right, on reasonable prior written notice to the Authority, to designate a different party as Customer's Agent at any time during the term of this Agreement.

XVII. Term and Termination of Service

- a. Once initiated, service shall continue until the earliest of (a) termination by Customer with respect to all or part of its allocation upon ninety (90) days prior written notice, (b) termination by the Authority pursuant to the Rules upon required notice, or (c) April 30, 2032. The Authority may cancel service hereunder or modify the quantities of Project Power and Energy allocated to Customer only (a) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency), or (b) as otherwise provided herein or in the Rules.
- b. Notwithstanding the foregoing, upon mutual agreement this Agreement may be extended beyond such date on a month to month basis pending execution of any successor agreement between the Customer and Authority or renewal of the FERC License.

XVIII. Communications

The Authority acknowledges that each of the Neighboring State Customers has been appointed by the executive authority of each Designated State as that state's sole representative for all matters pertaining to this Agreement. Accordingly, the Authority agrees as follows:

- a. Before implementing any changes in procedures contemplated in this Agreement related to the sale of electricity, the Authority will notify the Customer for each such Designated State of the nature of and reasons for the proposed change and the date of its proposed implementation. In the absence of exigent circumstances, such notice shall be provided no fewer than sixty (60) days before the change is implemented.
- b. Any notification or communication required in subsection a. above, or by any other provision of this Agreement shall be provided in writing directly to the individual who has been designated by the Customer for each Designated State as the appropriate contact person, as set forth below:

[Name]
[Title]
[Organization]
[Address]
[phone #]
[e-mail address]

It shall be the responsibility of the individual designated above, and not the Authority, to provide the notification or communication required by subsection a. above, to the individual employed by each Customer in the highest executive or senior managerial position with direct responsibility for electric utility matters.

- c. Any notification or communication by the Customer regarding this Agreement shall be provided in writing directly to the individual in the position designated by the Authority as the appropriate contact person, as set forth below:

Manager – Power Contracts & Tariffs
New York Power Authority
123 Main St.
White Plains, New York 10601
(914) 681-6200
PCT@nypa.gov

- d. In addition to providing notice to the individual identified in Article XVIII.b. above via e-mail and phone, any notification of an Unplanned Hydropower Curtailment described in Article XIII.e. will be provided to the appropriate contact person(s) via e-mail (or such other means as the Parties may agree) as set forth below:

[Individual Name]
[E-mail Address]
[Cell Phone]

XIX. Legal or Regulatory Change; Cooperation

- a. If at any time after the Effective Date of this Agreement there is any change to any law or regulation applicable to this Agreement, or to any tariff or rule of the NYISO or the RTO in which Customer is located, that substantially alters the contractual relationship between the Parties or the allocation of benefits hereunder, the Parties shall negotiate in good faith to determine whether any amendments, revisions or additions to this Agreement are necessary in order to maintain or restore the benefits of this Agreement to each Party as contemplated at the time of execution hereof. The Parties shall negotiate in good faith concerning any such amendments, revisions or additions to this Agreement, none of which shall be binding unless it is by agreement of the Parties in writing.
- b. Customer and the Authority agree to reasonably cooperate with one another in the performance of their respective obligations under this Agreement and take additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

XX. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act.

XXI. Venue

Each Party consents to exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under or in any way relating to this Agreement.

XXII. Mutual Assistance

- a. Customer (on behalf of the Distributing Entities listed in Appendix A to this Agreement) receives power allocations from power resources located in New York State and has an interest in the safe and reliable operation of New York's electric transmission system and the prompt restoration of service following interruptions in electric transmission service caused by storms and other events. Certain of Customer's Distributing Entities may currently participate directly or through a third party in mutual assistance agreements with New York State utilities ("Assistance Agreements").

- b. Accordingly, each Distributing Entity is in the position to consider requests by the Authority for rendering of assistance, which may be implemented through existing Assistance Agreements, as applicable. To the extent any Distributing Entity is not a party to any existing Assistance Agreement(s) addressing the provision of aid to the Authority and/or other New York State emergency response officials, (i) the Authority will notify Customer of any such non-participating Distributing Entity, and (ii) within ten business days after receiving such notification from the Authority, Customer will inform the Authority of the name and contact information of one or more individuals engaged by the relevant Distributing Entity in order that the Authority may initiate discussions with such Distributing Entity regarding participation in a mutual assistance network that is available to New York State utilities.
- c. Each Customer agrees to furnish, upon request from the Authority, updated contact information for any of its Distributing Entities with which the Authority does not have an Assistance Agreement for purposes of the Authority (or other New York State emergency response officials) requesting assistance from such Distributing Entities, including, without limitation, a request for the deployment of trained personnel; other forms of support services; equipment; materials; supplies; or fuels. Each Distributing Entity will determine, in its sole and absolute discretion, its ability and willingness to provide the requested assistance, taking into account its operational needs, the health and safety of its workers, and all other circumstances deemed pertinent by the Distributing Entity.
- d. The Parties agree to work together to ensure that appropriate Assistance Agreements are maintained where applicable.
- e. The Customer agrees to consider invitations from the Authority and/or other New York State emergency response officials to participate in emergency management symposiums or other similar emergency planning efforts or initiatives.

XXIII. Successors and Assigns

This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto; provided, however, that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained, which consent shall not be unreasonably withheld.

XXIV. Previous Agreements and Communications

This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the matters herein set forth. Such agreement supersedes all

previous agreements and communications between the Parties hereto, either oral or written, with reference to the subject matter of this Agreement.

No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XXV. Acceptance and Approvals

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act, and upon execution by the Parties, this Agreement, the provisions of which shall survive for the term hereof, together with the Service Tariffs and Rules both as they may be amended, shall constitute the contract between the Parties for Electric Service hereunder.

XXVI. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

Notwithstanding the preceding paragraph, if any provision of this Agreement or the Relicensing Settlement Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be void and unenforceable.

XXVII. Waiver

- a. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.
- b. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XXVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively

constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

XXIX. Effectiveness of Agreement

The agreement shall take effect upon the Effective Date, which requires execution by both Parties. The Authority will execute the Agreement only after the Governor's approval of the Agreement in accordance with Section 1009 of the New York Public Authorities Law.

CUSTOMER

By: _____

Print: _____

Title: _____

Date: _____

Accepted:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____

Print: _____

Title: _____

Date: _____

APPENDIX A

I. DISTRIBUTING ENTITIES INFORMATION – Connecticut Municipal Electric Energy Cooperative

Distributing Entity

Resale (Y/N)

APPENDIX A

II. DISTRIBUTING ENTITIES – CONSUMERS FOR ALLOCATION/ALLOTMENT

Info From: 2007 Niagara Agreement – Bargaining Agent/Customer

Public Entities	Number of R & D Consumers (2005 CY)	NIAGARA Allocation %
Total		100.00

APPENDIX B

NEW YORK POWER AUTHORITY RATE STABILIZATION RESERVE METHODOLOGY

The Rate Stabilization Reserve (or RSR) is a rate making mechanism by which NYPA reconciles its actual annual cost of service and revenues to the projections used to set rates. The purpose is to reconcile the projected cost of service as defined herein and associated revenues to actuals. The difference is then added to or subtracted from the reserve (the accumulation of previous annual differences). If the absolute value of the reserve exceeds \$25MM, the excess will be charged or credited to Customers. The Parties recognize that the current RSR methodology may be changed if such change is deemed to be advantageous to the Parties. Any Party may propose changes to the RSR calculation method. Following notification of a proposed change, the Parties will engage in good faith discussions about the proposed change. The RSR is calculated consistent with Service Tariff Nos. NS-1, NS-2 and NS-3 provisions regarding the Flow Adjustment Computation (FAC). The annual calculation is described below:

1. Calculate the total Cost of Service (CoS) for the Niagara/St. Lawrence projects. Costs include: Operations and Maintenance, Relicensing Costs, Administrative and General Costs (A&G), Depreciation and Capital Costs (using rate base times the Authority's actual long-term debt rate as set forth in Article X).
2. Evaluate revenues to be assessed against the total CoS as follows:
 - a) UCAP Credit will be the actual revenues from excess UCAP sales¹, including calculated revenues associated with internal transfers of UCAP for NYPA's non-hydro customers, and accounting for UCAP adjustments for firm supply customers with locational capacity requirements.
 - b) Ancillary Services Revenues will be the actual revenues from the Hydro Projects' sale of all existing Ancillary Services, and any future Ancillary Services authorized under the NYISO Tariffs.
 - c) Demand Sales Revenues will be determined by multiplying the sum of the Hydro Projects' firm customer billed demands by the preference power demand rate.
 - d) Energy Sales Revenues will be determined by multiplying Hydro Projects' annual metered generation by the preference power energy rate.
3. Calculate the difference between the total CoS in Step 1 and the sum of the revenues established in Step 2 above ("Total Annual Surplus/(Shortfall)").
4. Divide the Total Annual Surplus/(Shortfall) by the Hydro Projects' annual metered generation ("Annual RSR Rate").

¹ As part of the CoS, NYPA will credit the excess UCAP revenues from the Hydro Projects' sales into the various ISO auction markets. UCAP credits associated with NYPA's bilateral transactions will be done in accordance with Article X.A(xi)(a).

5. Multiply the Annual RSR Rate by the actual energy from preference power rate customers ("Annual RSR Contribution").
6. Add the Annual RSR Contribution from the prior year-end to get the current year-end RSR balance.
7. If the current year-end balance is in excess of +/- \$25 million, the excess would be subject to a credit or a surcharge in the subsequent rate year.

APPENDIX C

RSR EXAMPLE

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
RATE STABILIZATION RESERVE (RSR) COMPUTATION
ILLUSTRATIVE EXAMPLE

Line No.	Description	PRIOR YEAR	CURRENT YEAR
[1]	Total COS		\$350,000
[2]	Preference Power Demand Rate (\$/kW)		\$4.70
[3]	Preference Power Energy Rate (\$/MWh)		\$4.92
[4]	Firm Customer Demands (MW)		31,500
[5]	Annual Generation (GWh)		23,000
[6]	Revenue Sources		
[7]	UCAP Credit		\$50,000
[8]	Ancillary Services		\$22,000
[9] = [2]*[4]	Demand Sales Revenues		\$148,050
[10] = [3]*[5]	Energy Sales Revenues		\$113,160
[11] = [7]+[8]+[9]+[10]	Total Revenue Sources		\$333,210
[12] = [11]-[1]	Total Annual Surplus/(Shortfall)		(\$16,790)
[13] = [12]/[5]	Annual RSR Rate		(\$0.73)
[14]	Preference Power Energy (GWh)		6,941
[15] = [13]*[14]	Annual RSR Contribution		(\$5,067)
[16]	RSR Balance at Year End	\$0	(\$5,067)
<i>Note: All \$ values in \$ Thousands unless otherwise stated</i>			

Cost Projection Assumptions (In \$ Millions)

Gross Administrative & General (A&G)	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
Gross HQ A&G ¹	38.74%	\$211.95	\$220.43	\$229.25	\$238.42	\$247.96	\$257.87	\$268.19
Gross R&D General ¹	38.74%	\$4.59	\$4.78	\$4.97	\$5.17	\$5.37	\$5.59	\$5.81
Gross R&D Production ¹	62.98%	\$1.50	\$1.56	\$1.62	\$1.69	\$1.76	\$1.83	\$1.90
Gross NIA & STL A&G (Reg Comm Fees) ¹	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
Gross NIA & STL A&G (Other) ¹	61.51%	\$7.41	\$7.71	\$8.02	\$8.34	\$8.67	\$9.02	\$9.38
Total Gross A&G ¹		\$229.90	\$239.09	\$248.66	\$258.60	\$268.95	\$279.71	\$290.90

Allocated A&G	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
HQ A&G ²	38.74%	\$82.11	\$85.39	\$88.81	\$92.36	\$96.06	\$99.90	\$103.89
R&D General ²	38.74%	\$1.78	\$1.85	\$1.92	\$2.00	\$2.08	\$2.16	\$2.25
R&D Production ²	62.98%	\$0.95	\$0.98	\$1.02	\$1.06	\$1.11	\$1.15	\$1.20
NIA & STL A&G (Reg Comm Fees) ²	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
NIA & STL A&G (Other) ²	61.51%	\$4.56	\$4.74	\$4.93	\$5.13	\$5.33	\$5.55	\$5.77
Total Allocated A&G ²		\$93.83	\$97.58	\$101.49	\$105.55	\$109.77	\$114.16	\$118.73

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations based on the annual updates to labor ratios.

Operation & Maintenance (O&M)	2025	2026	2027	2028	2029	2030	2031
NIA Direct O&M ¹	\$52.72	\$61.46	\$57.07	\$45.36	\$46.69	\$48.05	\$49.44
STL Direct O&M ¹	\$26.30	\$28.79	\$30.37	\$30.72	\$31.62	\$32.54	\$33.48
NIA Indirect O&M ¹	\$11.50	\$11.96	\$12.44	\$12.82	\$13.19	\$13.57	\$13.97
STL Indirect O&M ¹	\$7.27	\$7.56	\$7.87	\$8.10	\$8.34	\$8.58	\$8.83
Grants, Relicensing & Settlements ²	\$14.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43
Total O&M	\$112.23	\$126.20	\$124.18	\$113.43	\$116.26	\$119.17	\$122.15

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations. Actual emergent work at the NIA and STL facilities will be subject to reconciliation through the annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations.



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

Electric Service Tariff for Neighboring States
Firm Hydroelectric Power and Energy Service

Service Tariff No. NS-1

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Schedule of Rates for Firm Hydroelectric Power and Energy Service

I. Applicability

To sale of Niagara Power Project Firm Hydroelectric Power and Firm Hydroelectric Energy to Neighboring State Customers (capitalized terms defined below).

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, Inc.

B. The term “Agreement” means contract for the Sale of Hydropower and Energy between Authority and Customer.

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 “Border” means New York State border.

E. The term “Customer” means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term “Firm Hydroelectric Power” means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Hydroelectric Power shall not include peaking power.

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

H. The term “Neighboring State Customers” means Customer and all other neighboring state bargaining agents that receive service from Project.

I. The term “Project” means the Authority’s hydroelectric facility also known as the Niagara Power Project.

- 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. NS-1.

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly demand and energy charges paid by Neighboring State Customers 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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2021	4.07	4.92
5/1/2021 through 4/30/2022	4.07	4.92

The demand and energy rates set forth above will apply at the Project switchyard.

B. Minimum Monthly Charge

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

C. Billing Period

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

D. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

E. 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 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 (as such term is defined in the NYISO OATT) 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.

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

Unless otherwise agreed upon by the Parties, as specified in the applicable Agreement(s), Authority shall normally provide in any billing period Firm Hydroelectric Energy to Customer in an amount equal to the product of (A) the number of hours in such billing period, (B) the contract demand applicable in such billing period and (C) the applicable monthly load factor, as set forth in the applicable Agreement(s). In the event that hydraulic conditions at the Project require the Authority to reduce the amount of Firm Hydroelectric Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions as a percentage of the otherwise required Firm Hydroelectric Energy deliveries will be the same for all firm Authority hydropower customers. The offer of Firm Hydroelectric Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Energy is taken by Customer.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, 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. Delivery

Firm Hydroelectric Power and Firm Hydroelectric Energy supplied under this Service Tariff shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Firm Hydroelectric Power and Firm Hydroelectric Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Power and Firm Hydroelectric 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's transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Energy expected by Service Tariff to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Energy from the Project be scheduled in general accordance with the load shape of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Firm Hydroelectric Power and Firm Hydroelectric Energy

1. Customer shall pay charges for Firm Hydroelectric Power and Firm Hydroelectric Energy during any billing period the sum of a) and b) below:
 - a. For Firm Hydroelectric Power, the demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period: and
 - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric Energy delivered by Authority to Customer during such billing period.
2. 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. Supplementary Provision

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

H. 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 Niagara Power 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).



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

Electric Service Tariff for Neighboring States
Firm Hydroelectric Peaking Power and Energy Service

Service Tariff No. NS-2

Table of Contents

Schedule of Rates for Firm Hydroelectric Peaking Power and Energy Service		Leaf No.
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Schedule of Rates for Firm Peaking Hydroelectric Power and Energy Service

I. Applicability

To sale of Niagara Power Project Firm Hydroelectric Peaking Power and Energy to Neighboring State Customers (capitalized terms defined below).

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, Inc.

B. The term “Agreement” means contract for the Sale of Hydropower and Energy between Authority and Customer.

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 “Border” means New York State border.

E. The term “Customer” means the bargaining agent identified in the applicable Agreement with the Authority.

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

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

H. The term “Neighboring State Customers” means Customer and all other neighboring state bargaining agents that receive service from Project.

I. The term “Project” means the Authority’s hydroelectric facility also known as the Niagara Power Project.

- 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. NS-2.

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly demand and energy charges paid by Neighboring State Customers 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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2021	4.07	4.92
5/1/2021 through 4/30/2022	4.07	4.92

The demand and energy rates set forth above will apply at the Project switchyard.

B. Minimum Monthly Charge

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

C. Billing Period

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

D. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

E. 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 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 (as such term is defined in the NYISO OATT) 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.

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 normally supply Firm Hydroelectric Peaking Energy to Customer at 12.5 percent (12.5%) monthly load factor consistent with the Section E below. 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 Energy for delivery pursuant to Section D 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

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, 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. Delivery

Firm Hydroelectric Peaking Power and Firm Hydroelectric Peaking Energy supplied under this Service Tariff shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Firm Hydroelectric Peaking Power and Firm Hydroelectric Peaking Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Peaking Power and Firm Hydroelectric Peaking 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's transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Peaking Energy expected by Service Tariff to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Peaking Energy from the Project be scheduled in general accordance with the load shape of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.

4. Subsequent to Authority approval of schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

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

1. Customer shall pay for Firm Hydroelectric Peaking Power and Energy during any billing period the sum of a) and b) below:
 - a. For Firm Hydroelectric Peaking Power, the demand rate per kW for Firm Peaking Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period: and
 - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric Peaking Energy delivered by Authority to Customer during such billing period.
2. 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. Supplementary Provision

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

H. 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 Niagara Power 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).



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

Electric Service Tariff for Neighboring States
Non-Firm Hydroelectric Energy Service

Service Tariff No. NS-3

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Schedule of Rates for Non-Firm Hydroelectric Energy Service

I. Applicability

To sale of Niagara Power Project Non-Firm Hydroelectric Energy to Neighboring State Customers (capitalized terms defined below).

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

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

B. The term “Agreement” means contract for the Sale of Hydropower and Energy between Authority and Customer.

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 “Border” means New York State border.

E. The term “Customer” means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term “Non-Firm Hydroelectric Energy” means all energy from Project that is in addition to the energy associated with Firm Hydroelectric Power and Firm Hydroelectric Energy and Firm Hydroelectric Peaking Power and Firm Hydroelectric Peaking Energy, that is available from time to time, and that is subject to interruption for extended periods because of decreased water flows or other system conditions.

G. The term “Neighboring State Customers” means Customer and all other neighboring state bargaining agents that receive service from Project.

H. The term “Project” means the Authority’s hydroelectric facility also known as the Niagara Power Project.

I. 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.

J. The term “Service Tariff” means this Service Tariff No. NS-3.

III. Monthly Rates and Charges

A. Monthly Base Rate

The monthly energy charge paid by Neighboring State Customers to Authority shall be based on the preference energy rate charged by Authority, as shown below. **[rate table below to be updated]**

<u>Effective Date</u>	<u>Energy Rate</u> Mills/kWh
5/1/2008	4.92

The energy rate set forth above will apply at the Project switchyard.

B. Minimum Monthly Charge

None.

C. Billing Period

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

D. 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 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 (as such term is defined in the NYISO OATT) 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.

E. 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

Non-Firm Hydroelectric Energy will be subject to its availability as determined by Authority. The offer of Non-Firm Hydroelectric Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this general provision whether or not the Non-Firm Hydroelectric Energy is taken by Customer.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, 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. Delivery

Non-Firm Hydroelectric Energy supplied under this Service Tariff shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Non-Firm Hydroelectric Energy shall be deemed to be offered when Authority is able to supply Non-Firm Hydroelectric 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 transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Non-Firm Hydroelectric Energy expected by Service Tariff to be made available from the Project.

2. Authority may require that such Non-Firm Hydroelectric Energy from the Project be scheduled in general accordance with the load shape of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Non-Firm Hydroelectric Energy

1. Customer shall pay for Non-Firm Hydroelectric Energy the energy rate specified in this Service Tariff or any modification thereof applied to the amount of Non-Firm Hydroelectric Energy delivered by Authority to Customer during such billing period.
2. 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. Supplementary Provision

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

H. 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 Niagara Power 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).

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
Albany, New York 12207

AGREEMENT FOR THE SALE

OF SAINT LAWRENCE-FDR PROJECT POWER AND ENERGY TO

Bargaining Agent/Customer

Service Tariff No. SL-1 – Electric Service Tariff for Neighboring States Firm
Hydroelectric Power and Energy Service

Service Tariff No. SL-2 – Electric Service Tariff for Neighboring States Non-Firm
Hydroelectric Energy Service

POWER AUTHORITY OF THE STATE OF NEW YORK

30 South Pearl Street

Albany, New York 12207

AGREEMENT FOR THE SALE OF HYDROPOWER AND ENERGY

_____, (“Customer”), which is the bargaining agent for the State of _____, hereby enters into this Agreement for electric service with the Power Authority of the State of New York (together with Customer, hereinafter called the “Parties”). This Agreement results from the Relicensing Settlement Agreement and is intended to give effect to and be consistent with relevant provisions of the Relicensing Settlement Agreement.

I. Definitions

- a. **Adverse Water Condition** means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers of the Authority who are served by the Project.
- b. **Agreement** means this Agreement.
- c. **Authority** is the Power Authority of the State of New York.
- d. **Contract Demand** will be the amount set forth in Appendix A hereto or such other amount as may be determined in accordance with the provisions of this Agreement.
- e. **Customer** is the bargaining agent identified above and a signatory to the Relicensing Settlement Agreement.
- f. **Designated States** means the states represented by the Neighboring State Customers.
- g. **Electric Service** is any type of power and energy available to Customer in accordance with applicable Service Tariffs, Rules and other contract documents.
- h. **Firm Hydroelectric Power and Energy** are power and associated energy from the Authority’s St. Lawrence-FDR Power Project, intended to be available at all

times except for limitations provided in this Agreement, the Rules, a Service Tariff or in other contract documents.

- i. **FERC** means the U.S. Federal Energy Regulatory Commission (or any successor organization).
- j. **FERC License** means the license issued by the FERC to the Authority for the continued operation and maintenance of the St. Lawrence-FDR Power Project, pursuant to Section 15 of the Federal Power Act, which became effective November 1, 2003 after the expiration of the Project's original license issued in 1953.
- k. **Hydro Projects** is a collective reference to the St. Lawrence-FDR Project, FERC Project No. 2000 (defined as "Project" herein) and the Niagara Power Project, FERC Project No. 2216, owned and operated by the Authority.
- l. **Market Cost** means the actual cost of energy scheduled in the NYISO day-ahead or real-time market on a non-discriminatory basis from the zone or zones in which the Authority procures Substitute Energy, inclusive of losses and congestion (if applicable).
- m. **Neighboring State Customers** means Customer and all other neighboring state bargaining agents that receive Electric Service from the St. Lawrence-FDR Power Project.
- n. **Non-Firm Hydroelectric Energy** is energy from the Authority's St. Lawrence-FDR Power Project that is in addition to the energy associated with Firm Hydroelectric Power, that is available from time to time, and that is subject to interruption for extended periods because of decreased water flow or other system conditions.
- o. **NYISO** means the New York Independent System Operator or any successor organization.
- p. **NYISO Capability Period** is as defined in the NYISO Open Access Transmission Tariff: Six-month periods which are established as follows: (1) from May 1 through October 31 of each year; and (2) from November 1 of each year through April 30 of the following year; or such other periods as may be determined by the Operating Committee of the NYISO.
- q. **Project** means the St. Lawrence-FDR Power Project, FERC Project 2000.
- r. **Project Power and Energy** means the Firm Hydroelectric Power and Energy and the Non-Firm Hydroelectric Energy supplied from the Project under this Agreement.

- s. **RTO** means an entity that, as a regional transmission organization, operates transmission facilities and centralized wholesale power markets in a region pursuant to authority granted by one or more agreements or tariffs that have been accepted or approved by FERC. This term shall also refer to an independent system operator (ISO) that operates in a similar manner to an RTO and pursuant to agreements or tariffs accepted or approved by FERC, but does not refer to the NYISO.
- t. **Relicensing Settlement Agreement** means the St. Lawrence – FDR Power Project, FERC Project No. 2000 Relicensing Settlement Agreement dated September 30, 2003.
- u. **Rules** are the applicable provisions of the 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).
- v. **Service Tariff** is a schedule establishing rates and other conditions for sale of Electric Service to Customer.
- w. **Service Tariff No. SL-1** means Electric Service Tariff for Neighboring States Firm Hydroelectric Power Service.
- x. **Service Tariff No. SL-2** means Electric Service Tariff for Neighboring States Non-Firm Hydroelectric Energy Service.
- y. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement but for reduced water flows caused by hydrologic conditions. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.
- z. **Unplanned Hydropower Curtailment** means a temporary reduction in the amount of Firm Hydroelectric Energy (and Firm Hydroelectric Peaking Energy, if being supplied at the time) which the Customer is entitled to receive under this Agreement, which is made by the Authority in response to an Adverse Water Condition that the Authority did not anticipate.

II. Electric Service to be Provided

The Authority shall provide Electric Service pursuant to Service Tariffs for Project Power and Energy to enable the Customer to receive its allocations, as described in Appendix A, from the Project in accordance with the provisions of the FERC License. The Contract Demand may be modified by the Authority if the amount of Firm Hydroelectric Power and Energy available for sale from the Project is modified as required to comply with any ruling, order or decision of any regulatory or judicial

body having jurisdiction, provided that in the event of such a modification, the aggregate percentage of the Firm Hydroelectric Power and Energy allocated to Neighboring State Customers shall be four and one-quarter percent (4.25%) of all Project Firm Hydroelectric Power and Energy, as modified. In the event the Authority increases the capability of the Project, the Authority shall conduct a study to determine whether additional quantities of Firm Hydroelectric Power and Energy and/or Non-Firm Hydroelectric Energy will be produced. If the Authority conducts a discrete program of changes or upgrades to the Project, such as a program of upgrades to the Project's generating units, the study referred to in the foregoing sentence shall be conducted at the completion of such program. If the Authority determines that additional quantities of Firm Hydroelectric Power and Energy and/or Non-Firm Hydroelectric Energy are produced from the Project as a result of such changes or upgrades, the aggregate percentage of such classes of power and/or energy to be offered to Neighboring State Customers shall be four and one-quarter percent (4.25%). Customer's share of any additional quantities of Firm Hydroelectric Power and Energy and/or Non-Firm Hydroelectric Energy, which it has no obligation to purchase, shall be based on its proportional share of the neighboring state allocation among Neighboring State Customers of Project Power and Energy, as applicable.

III. Availability of Non-Firm Hydroelectric Energy

Except as otherwise provided pursuant to this Agreement, four and one-quarter percent (4.25%) of all Project Non-Firm Hydroelectric Energy shall be made available pursuant to Service Tariff No. SL-2 to Neighboring State Customers on a cumulative basis effective on the commencement of Electric Service under this Agreement. Non-Firm Hydroelectric Energy from the Project shall be offered to all Neighboring State Customers in proportion to their respective firm power allocations (i.e., based on the Project capacity existing as of the Effective Date of this Agreement as it may be subsequently modified pursuant to Article II). More specifically, the Customer's Non-Firm Hydroelectric Energy allocation from the Project will be equal to the Customer's Contract Demand (in kilowatts, "kW") divided by the sum of the Neighboring State Customers' Contract Demands times the total Project Non-Firm Hydroelectric Energy available to all Neighboring State Customers. To the extent that there is a balance owing to Customer on the effective date of Electric Service under this Agreement arising out of Electric Service under a prior agreement for the sale of Project Non-Firm Hydroelectric Energy, that balance shall be carried over and maintained as the balance as of the effective date of Electric Service under this Agreement.

The Authority shall make available periodically, but at least annually, a tabulation showing cumulative comparisons between total actual Non-Firm Hydroelectric Energy sales to each Neighboring State Customer and the amount of energy the Authority has contracted to make available.

IV. Rules, Regulations and Service Tariffs

The Rules, Service Tariff No. SL-1, and Service Tariff No. SL-2, as now in effect and/or such superseding tariffs or other tariffs as the Authority may later promulgate, all as such Rules and Service Tariffs may be later amended from time to time by the Authority, are hereby incorporated into this Agreement with the same force and effect as if herein set forth at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariffs and the Rules, the provisions of the Service Tariffs shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariffs, the provisions of this Agreement shall govern. To the extent the New York State Administrative Procedure Act ("SAPA") applies to any proposed change to the Rules or Service Tariffs, the applicable notice period under this statute shall apply. The Authority shall provide the Customer with a copy of the Authority Board of Trustees' approval of any proposed change to the Rules or Service Tariffs within two (2) business days of Board approval. To the extent the SAPA does not apply to any proposed change to the Rules or Service Tariffs, the Authority shall provide at least sixty (60) days prior written notice to Customer, but in no event less notice than the Authority provides to its customers within New York State of any proposed change in Rules or Service Tariffs.

V. Resale of Power and Energy

In reselling and distributing Project Power and Energy purchased from Authority, Customer shall: 1) do so pursuant to the appropriate laws of the State or Commonwealth in which Customer operates, 2) do so without profit other than reasonable compensation for administrative and service costs, 3) resell such Project Power and Energy only to the distributing entities designated in Appendix A ("Distributing Entities") of this Agreement filed by Customer with Authority and maintained on a current basis, 4) not permit such Distributing Entities to sell such Project Power and Energy for resale except as designated in Appendix A of this Agreement, 5) require such Distributing Entities to resell the Project Power and Energy without profit except for administrative and services costs of the Customer and reasonable compensation (as allowed by the regulatory agencies authorized by law to regulate the rates and practices of the Distributing Entities) for use of facilities and for services furnished in the transmission and distribution of such power, and 6) comply with the provisions of the FERC License and the New York Power Authority Act (N.Y. Pub. Auth. Law Section §1000 et seq.), to the extent such Power Authority Act is not inconsistent with the FERC License. Neither the Customer nor any Distributing Entity may resell the Project Power and Energy purchased from the Authority into their RTO's market for financial settlement; provided, however, Customer and any Distributing Entity shall be permitted to continue offering Project Power and Energy purchased from the Authority into an RTO market where doing so is necessary to satisfy applicable requirements of the RTO in meeting Customer's load obligations.

Customer shall keep its books, accounts and records pertaining to the purchase, delivery and sale of Authority power according to procedures reasonably deemed necessary by Authority to ensure compliance with applicable statutes, licenses, the Rules and shall require its designated receiving entities to do likewise. It shall provide such information and permit such inspection of its books and records as Authority may reasonably request and shall require its designated receiving entities as identified in Appendix A to the Agreement to do likewise.

If the Authority determines that Customer, or any Distributing Entity is engaged in resale of such Project Power and Energy in a manner inconsistent with this Agreement, Authority may require Customer to cease the resale of Project Power and Energy to such Distributing Entity.

VI. Determination and Modification to Monthly Energy Allotments

Monthly energy allotments shall be determined by the Authority using the monthly load factors set forth in Appendix A which will be updated on an annual basis. Load factors will be calculated from the Customer's aggregated system-wide hourly interval load data for each month of the year two years prior for all end user recipients of Project Power and Energy under this Agreement. If Customer has recipients that do not have readily available historical load data, the Customer may substitute aggregated monthly billing determinants for energy and demand for those recipients as a data contribution to the load factors as set forth below. The Customer's monthly load factor calculation will be as follows:

$$\frac{(\text{System-wide monthly energy MWh})}{(\text{number of hours in the month})} \div [(\text{monthly coincident peak demand MW}) \times (\text{number of hours in the month})]$$

The hourly load data and substitute aggregated billing determinant data shall be submitted to the Authority by March 1, 2017, for calendar year 2015, to be used in the initial Appendix A. For each subsequent year, the data submitted by Customer shall be for the calendar year two years earlier, and shall be submitted to the Authority by the second Monday in March. Appendix A and the system-wide monthly load factors therein shall be updated annually by the Authority based on the load factors of all of the Customer's recipients of Project Power and Energy provided under this Agreement for whom load data from the calendar year two years earlier are readily available.

If Customer has individual recipients that do not have readily available historical load data, these recipients may be excluded from the annual calculation of the Customer's system-wide load factors provided that the aggregate of excluded recipients does not exceed 7% of the aggregate monthly energy (MWh) of the Customer's entire system-wide load.

If a Customer does not have interval load data readily available for at least 93% of the aggregate monthly energy (MWh) of its recipients of Project Power and Energy under this Agreement, those recipients may substitute all or a portion of this 93% with hourly load data for calendar month billed energy (MWh) and billed demand (MW) as recorded and quantified by revenue grade metering equipment, for the calendar year two years earlier. The substituted monthly load factors will be weighted for the portion of the Customer's system-wide MWh they represent and combined with the load factors calculated with the otherwise supplied interval load data for the remainder of the Customer's system. Assuming a threshold of 93% of energy is reached, the Authority will determine the load factor calculation for the Customer.

In the case of a substantial reallocation of power among the Distributing Entities, the monthly load factor, and resulting energy allotment, shall be adjusted no later than the next load factor update date. Appendix A, attached hereto contains, inter alia, the monthly load factor that determines the energy allotment and a list of all Distributing Entities on whose behalf Customer has contracted for Project Power and Energy.

Customer may at any time, on written notice to the Authority, modify its Appendix A to redistribute its then existing allocation among authorized recipients in its state. The quantities of Project Power and Energy referred to herein are established by the Authority as part of an allocation of power to New York's neighboring states in order to fulfill statutory and/or license obligations.

VII. Transmission and Delivery of Power and Energy

Customer understands that delivery of Project Power and Energy to the New York State border ("Border") will be made over the transmission facilities under the control of the NYISO. At the request of and on the approval of Customer, the Authority shall arrange for the transmission of the Project Power and Energy supplied hereunder to the Border consistent with Customer's request and the terms of the Open Access Transmission Tariff of the NYISO. It is the Customer's responsibility to compensate the Authority for all net costs, including any NYISO related charges (net of credits), associated with transmission to the Border. In lieu of the Authority arranging transmission service to the Border, Customer may elect, in its sole discretion, to arrange necessary transmission on its own behalf. In that instance, Customer must provide the Authority with the requisite notice in order to cancel all preexisting wheeling arrangements subject to the terms of such arrangements and waive any rights it might have obligating the Authority to provide wheeling to the Border. Delivery of Project Power and Energy from the Border to the Distributing Entities' consumers in Customer's state is the responsibility of Customer or the Distributing Entity, and Customer or Distributing Entity shall make the necessary arrangements to accomplish said delivery.

The Authority shall endeavor to accommodate Customer's request(s) to meet the requirements of other transmission and/or reliability organizations affecting the delivery of Project Power and Energy under this Agreement.

VIII. Scheduling Procedures

The Scheduling Procedures as provided in Service Tariff Nos. SL-1 and SL-2 reflect the scheduling requirements of the Authority. In the event the Authority determines that a modification to the Scheduling Procedures or methodologies is necessary to be consistent with this Agreement, or to conform such procedures to the requirements of the NYISO or to improve the efficiency of operations, the Authority shall first consult with Customer in order to identify and mitigate any adverse impacts on Customer that may result from the proposed modification. If the Authority and Customer do not reach agreement on modified Scheduling Procedures or methodologies within 30 days after their initial consultation, the Authority shall furnish Customer prior written notice in accordance with Article XVII of the Authority's proposed modification of Scheduling Procedures or methodologies, provided that any such modification shall not reduce or impair the Customer's contractual entitlement to Project Power and Energy available hereunder to serve Customer's load.

IX. Dispatching Agent and Load Shape

Customer may elect to designate one or more dispatching agents ("Dispatching Agent") for the purpose of administering the scheduling provisions of Service Tariff Nos. SL-1 and SL-2 for the term thereof. The Authority may require Customer or its Dispatching Agent to schedule energy in general accordance with Customer's system load shape, except that Customer may (i) at its option, schedule energy against the aggregate load shape of the RTO region or subregion in which the end-use recipients of Authority electricity purchased by Customer are located, or (ii) with the agreement of the Authority, schedule energy on any other load shape basis that represents the end-use recipients of the Authority electricity purchased by Customer. Customer may change its specification of the load shape or other basis on which it will schedule energy for a new calendar year by providing not less than three months prior notice to the Authority.

X. Rates

Firm Hydroelectric Power and Energy and Non-Firm Hydroelectric Energy shall be sold to Customer hereunder at cost-based rates equivalent to rates charged to in-state preference customers. The Authority shall charge and Customer shall pay the preference power rates as adopted by the Authority from time to time for as long as those rates remain in effect during the term of this Agreement. Customer waives any and all objections, suits, appeals or other challenges to the preference power rates adopted by the Authority except as otherwise provided for below.

Customer waives any challenges to any of the following methodologies and principles to the extent that one or more of such methodologies and principles are used by the Authority to set rates in future rate actions initiated by the Authority:

- (i) Recovery of the “cost of generation, plus capital and operating charges,” or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Hydro Projects for ratemaking purposes;
- (iii) The use of Authority’s ‘labor/labor’ method (i.e. labor ratios) for allocation of Administrative and General (“A&G”) costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority’s capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority’s actual long-term debt rate as published annually in the Authority’s Consolidated Financial Statements report;
 - (b) The Authority’s rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, Niagara Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, Niagara Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority’s depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority’s broad discretion and in accordance with the Authority’s obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority’s existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;

- (vii) Use of the Rate Stabilization Reserve (“RSR”) for the tracking of any under-collection or over-collection of the Authority’s CoS developed for the Hydro Projects, as described in Appendix B;
- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity (“UCAP”) and Ancillary Services revenues;
- (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
- (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
- (xi) The RSR reconciliations, as set forth in Appendix B, will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average “Rest of State” UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - (b) Authority’s A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. See Appendix C. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - (c) Authority’s Operation & Maintenance (“O&M”) expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. See Appendix C. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense

reconciliation will be determined in a subsequent preference power rate plan.

- (d) Authority's actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article X shall limit the Authority and Customer or Customer's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.

XI. Other Classes of Power and Energy

In the event that the Authority at any time determines that any class of power and energy other than those sold pursuant to Service Tariff Nos. SL-1 and SL-2 is available for sale to Customer or that additional power and energy under those Service Tariffs is available for sale to Customer, the Authority shall notify Customer, and Customer may purchase such power and energy hereunder at the rate schedule or schedules then in effect for such power and energy, in such amounts and subject to such terms and conditions as shall then be agreed upon between the Authority and Customer.

XII. Reallocation of Firm Hydroelectric Power and Energy

If Customer is or becomes unable to receive, or chooses not to receive, any or all of the Firm Hydroelectric Power and Energy allocated to it, such power and energy will be reallocated by the Authority pro-rata among all other Neighboring State Customers. Customer must provide written notice to the Authority and all other Neighboring State Customers of such reallocation and of the subsequent resolution. Upon acceptance of such notice by the Authority, any required changes in the allocations of Firm Hydroelectric Power and Energy among the Neighboring State Customers shall become effective the first day of the succeeding January or July, whichever comes first, but no earlier than ninety (90) days after the Authority's receipt of such notice.

XIII. Hydropower Curtailments and Substitute Energy

- a. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Project to supply the full Firm Hydroelectric Power and Energy requirements of the Neighboring State Customers, curtailments (*i.e.* reductions) in the amount of Firm Hydroelectric Power and Energy associated with the Allocation to which the Customer is entitled shall be applied on a *pro rata* basis to all firm power and energy customers served from the Project, as referenced in Service Tariff No. SL-1, General Provisions, Section B.
- b. The Authority shall provide no less than thirty (30) days' notice to Customer of any anticipated curtailments that could impact Customer's Electric Service under this Agreement.
- c. For each kilowatt-hour of Substitute Energy supplied by the Authority (except as set forth in Section XIII.e. below for Unplanned Hydropower Curtailments), the Customer will pay the Authority directly during the billing month: (1) the Market Cost of the Substitute Energy; and (2) any applicable NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority's Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.
- d. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Hydroelectric Power and Energy that would otherwise have been supplied under this Agreement. Such request shall be received by the Authority at least thirty (30) days prior to the start of the six-month NYISO Capability Period, during which time such Substitute Energy shall be supplied by the Authority. The provision of Substitute Energy may be terminated by the Authority or the Customer upon written notice of at least thirty (30) days prior to the start of the subsequent six-month NYISO Capability Period.
- e. When the Authority implements an Unplanned Hydropower Curtailment, the Customer shall reimburse the Authority for Substitute Energy provided to Customer at the preference power rate. The Authority shall calculate the difference between the market cost of Substitute Energy incurred by the Authority and the preference rate for the duration of the Unplanned Hydropower Curtailment, and shall provide a notification to Customer of that differential as it becomes available through the NYISO settlement process for each Unplanned Hydropower Curtailment that results in Substitute Energy purchases. On an annual basis, the differential between costs of Substitute Energy purchases by the Authority during Unplanned Hydropower Curtailments and the costs of preference power rate purchases shall be included in the annual RSR reconciliation.
- f. The Authority will provide each Customer with an explanation of all Planned Hydropower Curtailments and Unplanned Hydropower Curtailments, and an accounting of all charges assessed to such Customer for Substitute Energy and

for Unplanned Hydropower Curtailments, calculations and notifications as described in subsection XIII.e.

XIV. Environmental Attributes

In the event the Project output sold to Customer hereunder can, at any time, be claimed by Customer to have renewable characteristics in connection with a renewable portfolio, or renewable attributes or similarly intended program, Customer shall have the right to require the transfer, from the Authority to the Customer, of such attributes upon terms and conditions to be negotiated between the Authority and Customer. This Article XIV has been negotiated between the Parties and reflects the Parties' awareness that the laws, rules, regulations and markets for such environmental attributes are in an early stage of development and may undergo change. As a result, nothing in this Agreement shall be construed as a waiver of the rights of Authority or Customer concerning the ownership, availability, cost, and/or price of such attributes. In addition, not later than three (3) years after the Effective Date of this Agreement, the Parties shall meet and attempt to reach agreement on any amendments, revisions or additions to this Article XIV they find to be mutually satisfactory based on the information available at that time, provided that (i) neither Party shall be required to enter into any such amendment, revision or addition, and (ii) no such amendment, revision or addition shall be binding unless made in writing and duly approved by the Parties' respective governing bodies.

XV. Appointment of Customer Agent

Upon reasonable prior written notice to the Authority, Customer shall have the right to delegate to an agent any or all duties under this Agreement ("Customer's Agent") and the Authority acknowledges that such duties may be performed by Customer's Agent. Such duties delegated to Customer's Agent may include the keeping of all records required by Authority, the payment of any or all amounts due to the Authority under this Agreement and any or all such other duties contained in this Agreement as may be specified by Customer; provided that the Customer may choose to assume and perform any or all of the duties previously delegated to Customer's Agent and provided further that nothing herein, including Customer's designation of such an agent, shall be deemed to be approval by the Authority of an assignment of any of Customer's duties and obligations under its Agreement with the Authority. Customer further reserves the right, on reasonable prior written notice to the Authority, to designate a different party as Customer's Agent at any time during the term of this Agreement.

XVI. Term and Termination of Electric Service

Once initiated, Electric Service shall continue until the earliest of (a) termination by Customer with respect to all or part of its allocation upon ninety (90) days prior written notice, (b) termination by the Authority pursuant to the Rules upon required notice, or (c) April 30, 2032. Notwithstanding any provision to this Agreement to the

contrary, the Authority may cancel Electric Service hereunder or modify the quantities of Firm Hydroelectric Power and Energy and/or Non-Firm Hydroelectric Energy allocated to Customer (a) if such cancellation or modification is required to comply with any ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the Federal Energy Regulatory Commission or its successor agency), or (b) as otherwise provided herein or in the Rules.

XVII. Communications

The Authority acknowledges that each of the Neighboring State Customers has been appointed by the executive authority of each Designated State as that state's sole representative for all matters pertaining to this Agreement. Accordingly, the Authority agrees as follows:

(1) Before implementing any changes in procedures contemplated in this Agreement related to the sale of electricity, the Authority will notify the Customer for each such Designated State of the nature of and reasons for the proposed change and the date of its proposed implementation. In the absence of exigent circumstances, such notice shall be provided no fewer than sixty (60) days before the change is implemented.

(2) Any notification or communication required by paragraph (1) or by any other provision of this Agreement shall be provided in writing directly to the individual who has been designated by the Customer for each Designated State as the appropriate contact person, as set forth below:

[Name]
[Title]
[Organization]
[Address]
[phone #]
[e-mail address]

It shall be the responsibility of the individual designated above, and not the Authority, to provide the notification or communication required by paragraph (1) to the individual employed by each Customer in the highest executive or senior managerial position with direct responsibility for electric utility matters.

(3) Any notification or communication by the Customer regarding this Agreement shall be provided in writing directly to the individual in the position designated by the Authority as the appropriate contact person, as set forth below:

Manager – Power Contracts & Tariffs
New York Power Authority
123 Main St., White Plains, New York 10601

(914) 681-6200
PCT@nypa.gov

XVIII. Legal or Regulatory Change

If at any time after the Effective Date of this Agreement there is any change to any law or regulation applicable to this Agreement, or to any tariff or rule of the NYISO or the RTO in which Customer is located, that substantially alters the contractual relationship between the Parties or the allocation of benefits hereunder, the Parties shall negotiate in good faith to determine whether any amendments, revisions or additions to this Agreement are necessary in order to maintain or restore the benefits of this Agreement to each Party as contemplated at the time of execution hereof. The Parties shall negotiate in good faith concerning any such amendments, revisions or additions to this Agreement, none of which shall be binding unless it is by agreement of the Parties in writing.

XIX. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License.

XX. Venue

Each Party consents to exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under or in any way relating to this Agreement.

XXI. Successors and Assigns

This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto; provided, however, that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained, which consent shall not be unreasonably withheld.

XXII. Previous Agreements and Communications

This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the matters herein set forth. Such Agreement supersedes all previous agreements and communications between the Parties hereto, either oral or written, with reference to the subject matter of this Agreement.

No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XXIII. Acceptance and Approvals

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act, the Parties may execute this Agreement, the provisions of which shall survive for the term hereof.

XXIV. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the Federal Energy Regulatory Commission or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

Notwithstanding the preceding paragraph, if any provision of this Agreement or the Relicensing Settlement Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be void and unenforceable.

XXV. Waiver

- a. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.
- b. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XXVI. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a

PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

XXVII. Effectiveness of Agreement

This Agreement shall take effect on the later of May 1, 2017 or the date of its execution by the Parties (the "Effective Date").

CUSTOMER

BY _____

Authorized Officer's Title

Date _____

Accepted:

POWER AUTHORITY OF THE STATE OF NEW YORK

BY _____
Chairman

Date _____

Appendix A

I. ALLOCATION INFORMATION

Firm Hydroelectric Power and Energy Service pursuant to
Service Tariff No. SL-1. - _____ kW (Contract Demand)

Non-Firm Hydroelectric Energy Service pursuant to
Service Tariff No. SL-2. - As available

II. DISTRIBUTING ENTITIES INFORMATION

Distributing Entities

Resale
(Y/N)?

Appendix A

III. MONTHLY LOAD FACTORS – ADJUSTED ANNUALLY

Month	Weighted Average Load Factor - St. Lawrence 1/
Jan	____%
Feb	____%
Mar	____%
Apr	____%
May	____%
Jun	____%
Jul	____%
Aug	____%
Sep	____%
Oct	____%
Nov	____%
Dec	____%

1/ Per Agreement for the Sale of St. Lawrence Power & Energy to Neighboring States

Appendix B

NEW YORK POWER AUTHORITY RATE STABILIZATION RESERVE METHODOLOGY

The Rate Stabilization Reserve (or RSR) is a rate making mechanism by which NYPA reconciles its actual annual cost of service and revenues to the projections used to set rates. The purpose is to reconcile the projected cost of service as defined herein and associated revenues to actuals. The difference is then added to or subtracted from the reserve (the accumulation of previous annual differences). If the absolute value of the reserve exceeds \$25MM, the excess will be charged or credited to Customers. The Parties recognize that the current RSR methodology may be changed if such change is deemed to be advantageous to the Parties. Any Party may propose changes to the RSR calculation method. Following notification of a proposed change, the Parties will engage in good faith discussions about the proposed change. The RSR is calculated consistent with Service Tariff Nos. SL-1 and SL-2 provisions regarding the Flow Adjustment Computation (FAC). The annual calculation is described below:

1. Calculate the total Cost of Service (CoS) for the Niagara/St. Lawrence projects. Costs include: Operations and Maintenance, Relicensing Costs, Administrative and General Costs (A&G), Depreciation and Capital Costs (using rate base times the Authority's actual long-term debt rate as set forth in Article X).
2. Evaluate revenues to be assessed against the total CoS as follows:
 - a) UCAP Credit will be the actual revenues from excess UCAP sales¹, including calculated revenues associated with internal transfers of UCAP for NYPA's non-hydro customers, and accounting for UCAP adjustments for firm supply customers with locational capacity requirements.
 - b) Ancillary Services Revenues will be the actual revenues from the Hydro Projects' sale of all existing Ancillary Services, and any future Ancillary Services authorized under the NYISO Tariffs.
 - c) Demand Sales Revenues will be determined by multiplying the sum of the Hydro Projects' firm customer billed demands by the preference power demand rate.
 - d) Energy Sales Revenues will be determined by multiplying Hydro Projects' annual metered generation by the preference power energy rate.
3. Calculate the difference between the total CoS in Step 1 and the sum of the revenues established in Step 2 above ("Total Annual Surplus/(Shortfall)").
4. Divide the Total Annual Surplus/(Shortfall) by the Hydro Projects' annual metered generation ("Annual RSR Rate").

¹ As part of the CoS, NYPA will credit the excess UCAP revenues from the Hydro Projects' sales into the various ISO auction markets. UCAP credits associated with NYPA's bilateral transactions will be done in accordance with Article X.A(xi)(a).

Appendix B

5. Multiply the Annual RSR Rate by the actual energy from preference power rate customers ("Annual RSR Contribution").
6. Add the Annual RSR Contribution from the prior year-end to get the current year-end RSR balance.
7. If the current year-end balance is in excess of +/- \$25 million, the excess would be subject to a credit or a surcharge in the subsequent rate year.

APPENDIX C

RSR EXAMPLE

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
RATE STABILIZATION RESERVE (RSR) COMPUTATION
ILLUSTRATIVE EXAMPLE

Appendix B

Line No.	Description	PRIOR YEAR	CURRENT YEAR
[1]	Total COS		\$350,000
[2]	Preference Power Demand Rate (\$/kW)		\$4.70
[3]	Preference Power Energy Rate (\$/MWh)		\$4.92
[4]	Firm Customer Demands (MW)		31,500
[5]	Annual Generation (GWh)		23,000
[6]	Revenue Sources		
[7]	UCAP Credit		\$50,000
[8]	Ancillary Services		\$22,000
[9] = [2]*[4]	Demand Sales Revenues		\$148,050
[10] = [3]*[5]	Energy Sales Revenues		\$113,160
[11] = [7]+[8]+[9]+[10]	Total Revenue Sources		\$333,210
[12] = [11]-[1]	Total Annual Surplus/(Shortfall)		(\$16,790)
[13] = [12]/[5]	Annual RSR Rate		(\$0.73)
[14]	Preference Power Energy (GWh)		6,941
[15] = [13]*[14]	Annual RSR Contribution		(\$5,067)
[16]	RSR Balance at Year End	\$0	(\$5,067)
<i>Note: All \$ values in \$ Thousands unless otherwise stated</i>			

Appendix B

Cost Projection Assumptions (In \$ Millions)

Gross Administrative & General (A&G)	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
Gross HQ A&G ¹	38.74%	\$211.95	\$220.43	\$229.25	\$238.42	\$247.96	\$257.87	\$268.19
Gross R&D General ¹	38.74%	\$4.59	\$4.78	\$4.97	\$5.17	\$5.37	\$5.59	\$5.81
Gross R&D Production ¹	62.98%	\$1.50	\$1.56	\$1.62	\$1.69	\$1.76	\$1.83	\$1.90
Gross NIA & STL A&G (Reg Comm Fees) ¹	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
Gross NIA & STL A&G (Other) ¹	61.51%	\$7.41	\$7.71	\$8.02	\$8.34	\$8.67	\$9.02	\$9.38
Total Gross A&G ¹		\$229.90	\$239.09	\$248.66	\$258.60	\$268.95	\$279.71	\$290.90

Allocated A&G	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
HQ A&G ²	38.74%	\$82.11	\$85.39	\$88.81	\$92.36	\$96.06	\$99.90	\$103.89
R&D General ²	38.74%	\$1.78	\$1.85	\$1.92	\$2.00	\$2.08	\$2.16	\$2.25
R&D Production ²	62.98%	\$0.95	\$0.98	\$1.02	\$1.06	\$1.11	\$1.15	\$1.20
NIA & STL A&G (Reg Comm Fees) ²	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
NIA & STL A&G (Other) ²	61.51%	\$4.56	\$4.74	\$4.93	\$5.13	\$5.33	\$5.55	\$5.77
Total Allocated A&G ²		\$93.83	\$97.58	\$101.49	\$105.55	\$109.77	\$114.16	\$118.73

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations based on the annual updates to labor ratios.

Operation & Maintenance (O&M)	2025	2026	2027	2028	2029	2030	2031
NIA Direct O&M ¹	\$52.72	\$61.46	\$57.07	\$45.36	\$46.69	\$48.05	\$49.44
STL Direct O&M ¹	\$26.30	\$28.79	\$30.37	\$30.72	\$31.62	\$32.54	\$33.48
NIA Indirect O&M ¹	\$11.50	\$11.96	\$12.44	\$12.82	\$13.19	\$13.57	\$13.97
STL Indirect O&M ¹	\$7.27	\$7.56	\$7.87	\$8.10	\$8.34	\$8.58	\$8.83
Grants, Relicensing & Settlements ²	\$14.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43
Total O&M	\$112.23	\$126.20	\$124.18	\$113.43	\$116.26	\$119.17	\$122.15

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations. Actual emergent work at the NIA and STL facilities will be subject to reconciliation through the annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations.



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

Electric Service Tariff for Neighboring States
Firm Hydroelectric Power Service

Service Tariff No. SL-1

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Schedule of Rates for Firm Hydroelectric Power and Energy Service

I. Applicability

To sale of St. Lawrence-FDR Hydroelectric Project firm power and energy to Neighboring State Customers (as defined below).

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 “Agreement” means contract for the Sale of Hydropower and Energy between Authority and Customer.

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 “Border” means New York State border.

E. The term “Customer” means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term “Firm Hydroelectric Power” means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

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

H. The term “Neighboring State Customers” means Customer and all other neighboring state bargaining agents that receive service from Project.

I. The term “Project” means the Authority’s St. Lawrence-FDR Hydroelectric Project.

- 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. SL-1.

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly demand and energy charges paid by Neighboring State Customers 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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2019	4.07	4.92
5/1/2019 through 4/30/2020	4.07	4.92

The demand and energy rates set forth above will apply at the Project switchyard.

B. Minimum Monthly Charge

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

C. Billing Period

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

D. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

E. 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 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.

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

Unless otherwise agreed upon by the parties, as specified in the applicable Agreement(s), Authority shall normally provide in any billing period Firm Hydroelectric Energy to Customer in an amount equal to the product of (A) the number of hours in such billing period, (B) the contract demand applicable in such billing period and (C) the overall applicable monthly load factor, as set forth in the applicable Agreement(s). In the event that hydraulic conditions at the Project require the Authority to reduce the amount of Firm Hydroelectric Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions as a percentage of the otherwise required Firm Hydroelectric Energy deliveries will be the same for all firm Authority hydropower customers. The offer of Firm Hydroelectric Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Energy is taken by Customer.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the monthly rates and charges contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

D. Delivery and Metering

1. Delivery – Firm Hydroelectric Power and Energy supplied hereunder shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric 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 Customer's transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

2. Metering - The Firm Hydroelectric Power and Energy delivered to Customer's transmission agent at the Border shall be measured at or computed as though measured at the Border. For deliveries made under the NYISO tariffs, the amounts of Firm Hydroelectric Energy delivered at the Border shall equal the amounts provided at the Project switchyard. Under this approach, any Firm Hydroelectric Energy lost in delivery to the Border shall be purchased from the NYISO at the Border at the prevailing NYISO hourly prices at the relevant Border interconnection point(s) between NYISO and Customer' transmission agent(s). Alternatively, the Customer, in its sole discretion, after coordinating with Authority, may elect to provide "losses in kind" or such other arrangements as permitted by the NYISO tariffs for the provision of losses. In such case, the procedures for measuring and financially settling for energy losses to the Border shall be determined by the relevant provisions of the NYISO tariffs.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Energy expected to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Energy from the Project be scheduled in general accordance with the individual system load shapes of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of firm schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Firm Hydroelectric Power and Energy

1. Customer shall pay charges for Firm Hydroelectric Power and Energy during any billing period equal to the sum of a) and b) below:
 - a. The demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period: and
 - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric Energy delivered by Authority to Customer during such billing period as determined pursuant to General Provision D-2 above.
2. 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. NYISO Billing Records

If the Authority acts as Customer's transmission agent with the NYISO for delivery of Customer's Firm Hydroelectric Power and Energy allocation, the Authority shall maintain, for a period of at least three (3) calendar years, records of billings and supporting data received from the NYISO for such delivery services to the Border. Upon request, such billing data shall be provided to Customer in a mutually agreed upon electronic format.

H. Supplementary Provision

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

I. 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 hereunder plus those under this Service Tariff and the applicable Service Tariffs associated with the Niagara 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 would be 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).



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

Electric Service Tariff for Neighboring States
Non-Firm Hydroelectric Energy Service

Service Tariff No. SL-2

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Schedule of Rates for Non-Firm Hydroelectric Energy Service

I. Applicability

To sale of St. Lawrence-FDR Hydroelectric Project non-firm energy to
Neighboring State Customers (as defined below).

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kWh	kilowatt-hour(s)
NYP&A	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Agreement" means contract for the Sale of Hydropower and
Energy between Authority and Customer.

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 "Border" means New York State border.

E. The term "Customer" means the bargaining agent identified in the applicable
Agreement with the Authority.

F. The term "Non-Firm Hydroelectric Energy" means energy from Project that is
in addition to the energy associated with Firm Hydroelectric Power, that is
available from time to time, and is subject to interruption for extended periods
because of decreased water flows or other system conditions.

G. The term "Neighboring State Customers" means Customer and all other
neighboring state bargaining agents that receive service from Project.

H. The term "Project" means the Authority's St. Lawrence-FDR Hydroelectric
Project.

I. 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.

J. The term "Service Tariff" means this Service Tariff No. SL-2.

III. Monthly Rates and Charges

A. Monthly Base Rate

The monthly energy charge paid by Neighboring State Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Effective Date</u>	<u>Energy Rate</u> Mills/kWh
5/1/2008	4.92

The energy rate set forth above will apply at the Project switchyard.

B. Minimum Monthly Charge

None.

C. Billing Period

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

D. 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 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.

E. 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

Non-firm energy will be subject to its availability as determined by Authority. Transmission of non-firm energy will be subject to availability of transmission capacity on the systems of Authority and its wheeling agents as determined pursuant to General Provision D-1. The offer of energy for delivery pursuant to General Provision D-1 below shall fulfill Authority's obligations for purposes of this General Provision whether or not the energy is taken by Customer.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the monthly rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

D. Delivery and Metering

1. Delivery – Non-Firm Hydroelectric Energy supplied hereunder shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border. For the purpose of this Service Tariff, Non-Firm Hydroelectric Energy shall be deemed to be offered when Authority is able to supply such Non-Firm Hydroelectric Energy and NYISO transmits it to its designated points of interconnection with the Customer's transmission agent(s).
2. Metering - The Non-Firm Hydroelectric Energy delivered to Customer's transmission agent at the Border shall be measured at or computed as though measured at the Border. For deliveries made under the NYISO tariffs, the amounts of Non-Firm Hydroelectric Energy delivered at the Border shall equal the amounts provided at the Project switchyard. Under this approach,

any energy lost in delivery shall be purchased from the NYISO at the Border at the prevailing NYISO hourly prices at the relevant Border interconnection point(s) between NYISO and Customer's transmission agent(s). Alternatively, the Customer, in its sole discretion, after coordinating with Authority, may elect to provide "losses in kind" or such other arrangements as permitted by the NYISO tariffs for the provision of losses. In such case, the procedures for measuring and financially settling for energy losses to the Border shall be determined by the relevant provisions of the NYISO tariffs.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Non-Firm Hydroelectric Energy expected to be made available from the Project.
2. Authority may require that such Non-Firm Hydroelectric Energy from the Project be scheduled in general accordance with the individual system load shapes of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts on a clock hour basis.
4. Subsequent to Authority approval of non-firm schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Non-Firm Hydroelectric Energy

1. Customer shall pay for Non-Firm Hydroelectric Energy during any billing period the energy rate specified in this Service Tariff or any modification thereof applied to the amount of Non-Firm Hydroelectric Energy delivered by Authority to Customer during such billing period as determined pursuant to General Provision D-2.
2. 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. NYISO Billing Records

If the Authority acts as Customer's transmission agent with the NYISO for delivery of Customer's power and energy allocation, the Authority shall maintain, for a period of at least three (3) calendar years, records of billings and supporting data received from the NYISO for such delivery services to the Border. Upon request, such billing data shall be provided to Customer in a mutually agreed upon electronic format.

H. Supplementary Provision

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

I. 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 hereunder plus those under this Service Tariff and the applicable Service Tariffs associated with the Niagara 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 would be 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).

POWER AUTHORITY
OF THE
STATE OF NEW YORK

30 South Pearl Street
Albany, New York

AGREEMENT FOR THE SALE
OF NIAGARA PROJECT HYDROELECTRIC POWER AND ENERGY
TO THE NIAGARA PROJECT HOST COMMUNITIES

Service Tariff No. HC-1 - Firm Hydroelectric Power and Energy
(CUSTOMER)

Month 202_

POWER AUTHORITY OF THE STATE OF NEW YORK

**30 South Pearl Street
Albany, New York 12207**

**AGREEMENT FOR THE SALE OF HYDROELECTRIC POWER AND ENERGY TO
THE NIAGARA PROJECT HOST COMMUNITIES**

**SERVICE TARIFF No. HC-1 – Firm Hydroelectric Power and Energy
(CUSTOMER)**

_____ (“Customer”) hereby enters into this Agreement with the Power Authority of the State of New York for electric service as follows:

I. Definitions

- A. **Adverse Water Condition** means any event or condition, including without limitation a hydrologic or hydraulic condition (except if caused by negligence of the Authority), that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.
- B. **Agreement** means this Agreement.
- C. **Allocation** shall mean the amount of power and associated energy that the Authority has allocated to Customer hereunder.
- D. **Ancillary Services** shall be as defined by the NYISO in its rules, tariffs, manuals and procedures.
- E. **Authority** is the Power Authority of the State of New York.
- F. **Authorized Recipient** is defined in Article II.
- G. **Commencement Date** shall be as set forth in Article XVIII.
- H. **Contract Demand** will be the amounts set forth in Article II or such other amount as may be determined in accordance with the provisions of this Agreement.
- I. **Customer** is the municipality (Host Community) identified above.

- J. **Customer-Arranged Energy** means energy the Customer itself procures from sources other than the Authority for the purpose of replacing Firm Hydroelectric Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment.
- K. **Customer's Agent** is defined in Article X.
- L. **Electric Service** is Power and Energy available to Customer in accordance with applicable Service Tariffs, Rules and other contract documents.
- M. **Excess Power** is defined in Article VIII and Appendix A.
- N. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).
- O. **FERC License** means the license issued by FERC to the Authority on March 15, 2007 for the continued operation and maintenance of the Niagara Power Project, FERC Project No. 2216, which became effective September 1, 2007.
- P. **Firm Hydroelectric Power and Energy** are firm power and associated energy from the Authority's Niagara Power Project, intended to be available at all times except for limitations provided in this Agreement, the Rules, applicable Service Tariff or in other contract documents.
- Q. **Green Attributes** are attributes associated with renewable energy power production as recorded in the New York Generation Attribute Tracking System administered by the New York State Energy Research and Development Authority.
- R. **Host Communities** are Niagara County, City of Niagara Falls, Town of Lewiston, Town of Niagara, City of Niagara Falls School District, Lewiston-Porter School District and Niagara-Wheatfield School District.
- S. **Hydro Projects** is a collective reference to the Niagara Power Project (defined as "Project" herein) and the St. Lawrence-FDR Project, FERC Project No. 2000, owned and operated by the Authority.
- T. **Load Serving Entity** is an entity authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers under the rules, tariffs, manuals and procedures of the NYISO.
- U. **NRA** means the federal Niagara Redevelopment Act (18 USC §§ 836, 836a).

- V. **NYISO** means the New York Independent System Operator, Inc. or any successor organization.
- W. **Planned Hydropower Curtailment** means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an anticipated or forecasted Adverse Water Condition.
- X. **Power Credits** are defined in Article VIII and Appendix A.
- Y. **Project** means the Niagara Power Project, FERC Project No. 2216.
- Z. **Project Power and Energy** means Firm Hydroelectric Power and Energy produced by the Project.
- AA. **Project Switchyard** is the Niagara Project switchyard.
- BB. **Relicensing Settlement Agreement** means the Niagara Power Project, FERC Project No. 2216 Host Community Relicensing Settlement Agreement Addressing Non-License Terms and Conditions allocation of Niagara Project Power and Energy to the Host Communities dated June 27, 2005.
- CC. **Rules** are the applicable provisions of the 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).
- DD. **Service Tariffs** are schedules establishing rates and other conditions for sale of Electric Services to Customer.
- EE. **Substitute Energy** means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment or an Unplanned Hydropower Curtailment.
- FF. **Ultimate Users** are entities to whom Customer or Customer's Authorized Recipient will resell (or otherwise convey benefits associated with) Project Power and Energy purchased from the Authority as provided in Article VI of this Agreement and Appendix A hereto. Customer may designate itself as an Ultimate User.
- GG. **Unforced Capacity** is the capacity required to be provided by Load Serving Entities to serve load as defined by the NYISO in its rules, tariffs, manuals and procedures.
- HH. **Unplanned Hydropower Curtailment** means a temporary reduction in the amount of Firm Hydroelectric Energy to which the Customer is entitled

to receive under this Agreement due to Adverse Water Condition that the Authority did not anticipate or forecast.

All other terms not otherwise defined herein shall have the meanings ascribed to them in the electric industry.

II. Electric Service to be Provided

- A. The Authority shall provide Electric Service pursuant to Service Tariff HC-1 for Power and/or Energy to enable the Customer or the Customer's Authorized Recipient, as defined below, to receive the Allocation from the Project in accordance with the provisions of the FERC License and Relicensing Settlement Agreement, in the amount set forth below:

Firm Hydroelectric Power and Energy Service pursuant to
Service Tariff No. HC-1: 3,500 KiloWatts (Contract Demand)

Upon execution of this Agreement by a Host Community, other than Customer, that is legally capable of receiving an Allocation from the Project (Authorized Recipient) such Authorized Recipient shall be authorized to receive the Allocation of the Customer in accordance with the terms and conditions set forth in this Agreement, including Appendix A hereof. Such authorization may be revoked by Customer upon reasonable notice to the Authority and Customer's Authorized Recipient; provided, however, that Customer shall, as of the effective date of such revocation, have made arrangements (a) with another Authorized Recipient to receive the Customer's Allocation, or (b) to receive such Allocation itself, if legally capable of doing so.

The Authority shall provide Unforced Capacity in amounts necessary to meet Customer's NYISO Unforced Capacity obligations associated with the foregoing Allocation in accordance with the rules and tariffs of the NYISO. Neither Ancillary Services, nor Green Attributes are included in such allocation.

- B. The Contract Demands for Project Power and Energy may be modified by the Authority if the amounts of such Project Power and Energy available for sale from the Project are modified as required to comply with any ruling, order or decision of any regulatory or judicial body having jurisdiction. The Authority shall provide reasonable notice to Customer of any such proposed action that could result in modification of Contract Demands and nothing herein shall be construed as limiting customer's rights to challenge any proposed reduction in Contract Demands.

III. Rules, Regulations and Service Tariffs

The Rules and Service Tariff No. HC-1, as now in effect and/or such superseding tariffs or other tariffs as the Authority may later promulgate, all as such Rules and Service Tariffs may be later amended from time to time by the Authority, are hereby incorporated into this Agreement with the same force and effect as if

herein set forth at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariffs and the Rules, the provisions of the Service Tariffs shall govern. In the event of any inconsistencies, conflicts or differences between Articles I through XVIII of this Agreement and the Service Tariffs, the provisions of Articles I through XVIII of this Agreement shall govern. The Authority shall provide at least thirty (30) days prior written notice to Customer of any proposed change in the above Rules and Service Tariffs, but in no event shall Authority provide less notice than that provided to similarly affected customers within New York State if that period of minimum notice is greater than herein referenced. Except as expressly provided otherwise herein, nothing contained in this Agreement shall be construed as restricting Customer's rights to participate in processes involving changes to rates, Rules and Service Tariffs or other matters affecting the subject of this Agreement.

IV. Transmission and Delivery of Power and Energy

Authority shall make Project Power and Energy available to Customer, Customer's Authorized Recipient or Customer's Agent at the Project Switchyard. It is the Customer's responsibility to act as the Load Serving Entity ("LSE"), arrange for one or more other entities to do so on its behalf or make other arrangements for conveying the benefits associated with the allocation to Ultimate Users. Customer, or the entity acting as LSE, Customer's Authorized Recipient, or Customer's Agent shall arrange for the transmission of the Project Power and Energy supplied hereunder from the Project Switchyard to Customer's points of delivery or the conversion of the Allocation into financial settlements and benefits by such other method of disposition consistent with Article VI of this Agreement and Appendix A hereto. Such delivery shall be consistent with the terms of the Open Access Transmission Tariff (OATT) or other applicable tariff of the NYISO and Customer shall be responsible for all costs associated with the transmission and delivery of the allocation.

V. Rates

- A. Project Power and Energy provided by the Authority from the Project shall be sold to the Customer at cost-based rates consistent with the Article 6.2(d) of the Relicensing Settlement Agreement, the NRA and the FERC License, and at the "lowest rates reasonably possible" as referred to in the NRA, § 836(b)(1) and at the "lowest possible price" as referred to in the N.Y. Public Authorities Law ("PAL") § 1005(5). The Authority shall charge and the Customer shall pay the preference power rates as adopted by the Authority's Trustees, as revised from time to time at the discretion of the Authority's Trustees, exercised in accordance with the terms and conditions of this Agreement. During the Term of this Agreement, the Customer will not object to rates that apply the following Cost of Service ("CoS") provisions ("Principles and Methodologies"):

- (i) Recovery of the “cost of generation, plus capital and operating charges,” or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Hydro Projects for ratemaking purposes;
- (iii) The use of Authority’s ‘labor/labor’ method (i.e. labor ratios) for allocation of Administrative and General (“A&G”) costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority’s capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority’s actual long-term debt rate as published annually in the Authority’s Consolidated Financial Statements report;
 - (b) The Authority’s rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority’s depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority’s broad discretion and in accordance with the Authority’s obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority’s existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;

- (vii) Use of the Rate Stabilization Reserve (“RSR”) for the tracking of any under-collection or over-collection of the Authority’s CoS developed for the Hydro Projects, as described in Appendix B;
- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity (“UCAP”) and Ancillary Services revenues;
- (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
- (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
- (xi) The RSR reconciliations, as set forth in Appendix B, will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average “Rest of State” UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - (b) Authority’s A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. See Appendix C. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - (c) Authority’s Operation & Maintenance (“O&M”) expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. See Appendix C. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.

(d) Authority's actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.

- B. In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer or the Customer's Authorized Recipient shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article V shall limit the Authority and Customer or Customer's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.
- C. Nothing contained in this Article V shall preclude Customer or Customer's Authorized Representative from participating in an Authority rulemaking proceeding addressing cost-based rates for preference power, or from making any arguments concerning rate methodologies or principles in such proceeding.

VI. Use and Resale of Project Power and Energy

Customer or the Customer's Authorized Recipient shall use the Allocation for Customer's facilities or as otherwise allowed in accordance with the Relicensing Settlement Agreement, this Agreement and Appendix A hereof.

In reselling and/or distributing the Allocation, except as otherwise provided in Appendix A hereof, Customer or the Customer's Authorized Recipient shall: 1) do so pursuant to the appropriate laws of the State of New York, 2) distribute such Allocation only to the Ultimate Users designated pursuant to Appendix A, 3) not permit such Ultimate Users to sell any of such Allocation for resale and 4) comply with the provisions of the NRA, the FERC License and the New York Power Authority Act (N.Y. Pub. Auth. Law Section 1000 et seq.), to the extent such Power Authority Act is not inconsistent with the FERC License.

Customer, Customer's Authorized Recipient or Customer's Agent shall keep its books, accounts and records pertaining to the purchase, delivery and sale of the Allocation according to procedures reasonably deemed necessary by Authority to ensure compliance with this Agreement and Appendix A hereof, applicable statutes, licenses, the Rules. Customer or Customer's Authorized Recipient shall provide such information and permit such inspection of its books and records as Authority may reasonably request and shall require Customer's Ultimate Users as identified in Appendix A of the Agreement to agree to do likewise.

The distribution of the benefits of the Allocation to Ultimate Users shall, where feasible, be accompanied by a statement indicating the total savings in dollars realized by the individual Ultimate User for the particular billing period as a result of the purchase of hydroelectric power and energy by Customer or Customer's Authorized Recipient from the Authority. The form and content of such statement

shall be coordinated between Customer or Customer's Authorized Recipient and Authority.

VII. Permanent Reallocation of Project Power and Energy

If Customer is, or becomes unable or chooses not to receive, or to have Customer's Authorized Recipient not receive, any or all of the Project Power and Energy allocated to it on a permanent basis, such Project Power and Energy shall be reallocated by the Authority pro-rata among the other Host Communities. Customer shall provide written notice to the Authority and the other Host Communities of such inability or election within 30 days of its becoming aware of such inability or election. Upon receipt of such notice by the Authority, any required changes in the allocations of Project Power and Energy among the other Host Communities shall become effective as soon as practicable, without need to amend this Agreement and the Contract Demand in this Agreement shall be revised to reflect such reallocation, notwithstanding Article XIV hereof.

VIII. Availability of Energy

Subject to any other limitations set forth in the Rules or the Service Tariff (including low-flow conditions), if Customer or Customer's Authorized Recipient directly or indirectly provides the Allocation to Ultimate Users for physical delivery to such Users' accounts as set forth in Appendix A, Authority will supply Customer's (or Ultimate Users', as the case may be) entire demand and energy usage up to the Contract Demand. If there is any portion of the energy associated with the Allocation made available to Customer or Customer's Authorized Recipient (at a monthly load factor of seventy percent (70%) pursuant to the Authority's regular scheduling requirements) that is not required to serve such Ultimate Users' facilities, such energy may be utilized as Excess Power in the manner described in Appendix A.

As between Customer and the Authority, for any usage above the Contract Demand, it is Customer's responsibility to arrange for provision of such excess service by a third party supplier, and the apportionment of energy between suppliers shall be as set forth in Service Tariff No. HC-1, or any successor tariff.

Subject to any other limitations set forth in the Rules or Service Tariff (including low-flow conditions), if Customer or Customer's Authorized Recipient provides the benefits of the Allocation to Ultimate Users in the form of Power Credits as set forth in Appendix A, the Allocation will be delivered at a monthly load factor of seventy percent (70%) pursuant to the Authority's regular scheduling requirements.

IX. Hydro Curtailments and Substitute Energy

- a. The Customer shall, on a form provided by the Authority, elect to either (a) purchase Substitute Energy from the Authority, or (b) rely on Customer-Arranged Energy, for the purpose of replacing Firm Hydroelectric Energy that is not supplied

to the Customer due to a Planned Hydropower Curtailment. The Customer shall make its election in accordance with the time period and other requirements prescribed in such form. The election shall apply for the entire calendar year identified in the form and shall remain in effect unless changed in accordance with Article IX.b.

- b. The Customer may change its election on a form provided by the Authority by giving the Authority notice of such change no later than the first day of November preceding the calendar year to which the Customer intends such change to become effective. Such change shall be effective on the first day of January following the Authority's receipt the Customer's notice and shall remain in effect unless it is changed in accordance with the provisions of this Article IX.b for a subsequent calendar year.
- c. In the event of an anticipated or planned Adverse Water Condition, the Authority will have the right in its discretion to implement Planned Hydropower Curtailments. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project. The Authority will provide the Customer with advance notice of Planned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer no later than the tenth business day of the month prior to the month in which the Planned Hydropower Curtailment is expected to occur unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.
- d. If the Customer elected to purchase Substitute Energy from the Authority, the Authority shall provide Substitute Energy to the Customer during all Planned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO. The Authority may require the Customer to enter into one or more separate agreements to facilitate the provision of Substitute Energy to the Customer.
- e. If the Customer elected to rely on Customer-Arranged Energy, the Authority shall have no responsibility to provide the Customer with Substitute Energy during any Planned Hydropower Curtailment, and the Customer shall be responsible for the procurement, scheduling, delivery and payment of all costs associated with Customer-Arranged Energy.
- f. In the event of an Adverse Water Condition that the Authority did not anticipate or forecast, the Authority shall have the right in its discretion to implement Unplanned Hydropower Curtailments. The Unplanned Hydropower Curtailments will be implemented on a non-discriminatory basis as to all Authority customers that are served by the Project.

- g. The Authority will provide the Customer with notice of Unplanned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Customer within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond.
- h. Notwithstanding the Customer's election pursuant to Article IX.a, the Authority shall provide the Customer with Substitute Energy during Unplanned Hydropower Curtailments, provided, however, that the supply of Substitute Energy during an Unplanned Hydropower Curtailment will be for the shortest duration the Authority determines is reasonable considering the circumstances, including but not limited to the operating procedures of the Authority, third-party transmission or delivery utilities who deliver the Substitute Energy, and the NYISO.
- i. For each kilowatt-hour of Substitute Energy provided by the Authority during a Planned Hydropower Curtailment, the Customer shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for Firm Hydroelectric Energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Planned Hydropower Curtailments shall be governed by the provisions of Service Tariff No. HC-1 relating to the rendition and payment of bills for Electric Service.
- j. When the Authority implements an Unplanned Hydropower Curtailment, the Customer shall reimburse the Authority for Substitute Energy provided to Customer at the preference power rate. The Authority shall calculate the difference between the market cost of Substitute Energy incurred by the Authority and the preference rate for the duration of the Unplanned Hydropower Curtailment, and shall provide a notification to Customer of that differential as it becomes available through the NYISO settlement process for each Unplanned Hydropower Curtailment that results in Substitute Energy purchases. On an annual basis, the differential between costs of Substitute Energy purchases by the Authority during Unplanned Hydropower Curtailments and the costs of preference power rate purchases shall be included in the annual RSR reconciliation.
- k. The Authority will provide the Customer with an explanation of all Planned Hydropower Curtailments and Unplanned Hydropower Curtailments, and an accounting of all charges assessed to such Customer for Substitute Energy and for Unplanned Hydropower Curtailments, calculations and notifications as described in subsection IX.j. above.

- I. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods.
- m. The Customer shall not be entitled to power and energy sourced from another Authority power facility, including another Authority hydropower project, as Substitute Energy. Notwithstanding the preceding sentence, in accordance with section 454.3 of the Rules, the Authority has the discretion but not the requirement to provide power and energy to the Customer from its other generating plants.

X. Appointment of Customer's Agent

Upon reasonable prior written notice to the Authority, Customer shall have the right to delegate to an agent any or all duties under this Agreement ("Customer's Agent") and the Authority acknowledges that such duties may be performed by Customer's Agent. Such duties delegated to Customer's Agent may include the keeping of all records required by Authority, the payment of any or all amounts due to the Authority under this Agreement and any or all such other duties contained in this Agreement as may be specified by Customer; provided that the Customer may choose to assume and perform any or all of the duties previously delegated to Customer's Agent and provided further that nothing herein, including Customer's designation of such an agent, shall be deemed to be approval by the Authority of an assignment of any of Customer's duties and obligations under its Agreement with the Authority. Customer may, on reasonable prior written notice to the Authority (consistent with the Authority's and the NYISO's scheduling and business process requirements), designate a different party as Customer's Agent at any time during the term of this Agreement.

Customer's Agent may include, without limitation, a public utility, LSE, Municipal Distribution Agency, load aggregator or other entity authorized to purchase and sell electric power and/or energy pursuant to Section 360 of the General Municipal Law or pursuant to other authority.

XI. Term and Termination of Service

Service under the Agreement shall begin on the Commencement Date and shall continue until the earliest of (a) termination by Customer with respect to all of its Allocation upon ninety (90) days prior written notice, (b) termination by the Authority pursuant to the Rules upon required notice, or (c) September 1, 2041, at which time a new or modified agreement will be entered between the Authority and the Customer to provide Customer or Customer's Authorized Recipient with Project Power and Energy for the remainder of the licensing period in the amount and for the rate then in effect which complies with the terms of the Relicensing Settlement Agreement. If such a new or modified agreement is not in place to take effect after September 1, 2041, service will be continued under the terms and conditions of this Agreement on a year to year basis or until a new or modified agreement takes effect between the parties.

Notwithstanding the termination provisions of this Article, Customer may pause the electric service related to all or a portion of its Allocation once annually upon sixty (60) days prior written notice. Customer may recommence the electric service related to all or a portion of its Allocation once annually upon sixty (60) days prior written notice.

The Authority may cancel service hereunder or modify the quantities of Project Power and Energy allocated to Customer only (a) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency), or (b) as otherwise provided herein or in the Rules. Notwithstanding the foregoing, upon mutual agreement this Agreement may be extended beyond such date on a month to month basis pending execution of any successor agreement between the Customer and Authority. The Authority shall provide reasonable notice to Customer of any matter or proceeding that could result in an order or decision as described in part (a) of this paragraph and nothing herein shall be construed as limiting Customer's right to challenge any such proposed action.

Nothing herein is intended to limit the rights of the Host Communities or Customer under the Relicensing Settlement Agreement and the Authority and Customer understand and agree that the Authority is obligated under such Relicensing Settlement Agreement to make a total of 3,500 KiloWatts of Project Power and Energy available to Customer or Customer's Authorized Recipient for the term of the FERC License, whether through extension of this Agreement or by subsequent agreement.

XII. Notification

Correspondence involving the administration of this Agreement shall be addressed as follows:

To: Authority

Manager – Power Contracts & Tariffs
New York Power Authority
123 Main Street
White Plains, NY 10601

To: Customer

_____, New York 1_____

with a copy to:

_____, New York 1_____

To: Customer's Authorized Recipient

_____, New York 1_____

with a copy to:

_____, New York 1_____

XIII. Applicable Law and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act. Any action or proceeding arising out of or relating to this Agreement shall be brought in state courts located in Albany County, New York.

XIV. Successors and Assigns

This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of the parties hereto; provided, however, that no assignment by a party or any successor or assignee of such party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other parties in each case obtained, which consent shall not be unreasonably withheld.

XV. Previous Agreements and Communications

This Agreement, together with the Relicensing Settlement Agreement, shall constitute the sole and complete agreement of the parties hereto with respect to the matters herein set forth, and such Agreements supersede all previous communications between the Parties hereto, either oral or written, with reference to the subject matter hereof; provided, however, that additional terms pursuant to which Customer's Authorized Recipient is authorized to receive Customer's Allocation may be set forth in a separate agreement between Customer and Authorized Recipient. Any such separate agreement shall not be inconsistent with the terms of this Agreement and shall be provided to the Authority for informational purposes.

No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

If there is a conflict between the language in Section 6 of the Relicensing Settlement Agreement entitled "Power Allocation" and language in this Agreement, including Appendix A, the language of this Agreement addressing this subject shall control.

XVI. Acceptance and Approvals

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act, and upon execution by the parties, this Agreement, the provisions of which shall survive for the term hereof, together with the Service Tariffs and Rules both as they may be amended, shall constitute the contract between the parties for Electric Service hereunder.

XVII. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

In such an event and at the request of any of the parties, the parties agree to engage in good faith negotiations on possible modification to this Agreement to remedy any portion of this Agreement that was declared invalid, unlawful or ineffective. Such good faith negotiations shall conform to the requirements comparable to those of section 10.1.3 of the Relicensing Settlement Agreement. To the extent that good faith negotiations do not result in an agreement as to whether or how this Agreement should be modified, the parties agree to resolve their differences in accordance with the alternative dispute resolution mechanism set forth in section 12 of the Relicensing Settlement Agreement. The primary goal of any good faith negotiation or alternative dispute resolution mechanism

shall be to preserve to the greatest extent as possible, the benefit of the parties' intended bargain.

XVIII. Effectiveness of Agreement

This Agreement shall take effect on the date of this Agreement's execution under Article XVI above.

CUSTOMER: CUSTOMER

BY: _____

Name: _____

Title: _____

Date: _____

AUTHORIZED RECIPIENT: CUSTOMER

BY: _____

Name: _____

Title: _____

Date: _____

POWER AUTHORITY OF THE STATE OF NEW YORK

BY: _____

Name: _____

Title: _____

Date: _____

Appendix A

Except as Customer determines otherwise, consistent with the terms of this Agreement, Customer or Customer's Authorized Recipient will initially distribute power and energy purchased from the New York Power Authority under the Agreement or the economic benefit of such power and energy to the following Ultimate Users _____.

Customer may add to or delete from the above list of Ultimate Users on thirty (30) day's notice to the Authority. Customer in its sole determination may elect to use its full Allocation or any part thereof, for economic development. The economic development program description, allocation criteria and methodology shall be submitted to and approved by the Authority which approval shall not be unreasonably withheld.

The benefits of the Allocation shall be provided to such Ultimate Users either by direct sale or by allocation by the Customer (or by Customer's Authorized Recipient or Customer's Agent) of electricity or the provision of financial settlements and benefits, as set forth below, or through different methods approved by the Authority. Customer shall have the right to recover as Customer Costs its direct administrative and services costs, reasonable compensation for use of third party facilities and services furnished to Customer in the transmission and distribution of such power, all costs associated with negotiating the Agreement and the establishment of mechanisms to accept and distribute the Allocation, and any similar costs, incurred after the execution of the Host Community Relicensing Settlement Agreement dated June 27, 2005. Such Customer Costs shall be reimbursed to Customer or otherwise paid by the Ultimate User by procedures to be determined.

The listing or description of the foregoing Ultimate Users in no way mandates or requires for any reason that the Customer provide any portion of the Allocation (or Power Credits) to an Ultimate User and shall not preclude the Customer from denying any such Ultimate User the benefits associated with an allocation for any reason as determined by Customer.

A Direct Sale / Allocation, Use of Excess Power

Customer, Customer's Authorized Recipient or Customer's Agent may make a portion of the Allocation available to an Ultimate User for delivery at such Ultimate User's electricity accounts under the tariffs, rules and regulations of the NYISO and the utility in whose service area such accounts are located. If there is any portion of the Allocation made available to Customer or Customer's Authorized Recipient that is not required to serve such Ultimate User's facilities, such Excess Power (up to the load factor specified in the Agreement) may be utilized as follows:

1. Customer, Customer's Authorized Recipient or Customer's Agent may schedule Excess Power into the NYISO administered market for financial settlement, and such financial settlement so received by Customer (less Customer's Costs as set forth above and the cost of the power and energy purchased from the Authority), shall be applied by Customer to payment of Customer's (or an Ultimate User's, as the case may be) energy-related costs, including but not limited to, the purchase of energy commodities, the delivery and transportation of electricity and all other energy commodities

and/or for energy efficiency or clean energy technology programs or projects now in existence or that may exist during the term of the Agreement.

2. Customer or Customer's Authorized Recipient may use the Excess Power (or the benefits associated with such Excess Power derived from a financial settlement as set forth in the preceding Paragraph 1) for economic development by providing credits to a business to apply against the cost of power or energy and/or the cost of delivery of power or energy consumed by such business.

B Power Credits

Customer, Customer's Authorized Recipient or Customer's Agent, may schedule all of Customer's Allocation (up to the load factor specified in the Agreement) into the NYISO administered market for financial settlement, and such financial settlement so received by Customer (less Customer's Costs as set forth above and the cost of the power and energy purchased from the Authority), may be provided to Ultimate Users in the form of Power Credits by Customer or Customer's Authorized Recipient as follows:

Power Credits may be applied towards the cost and/or delivery of electric power or energy consumed by the Ultimate User or for other energy-related costs, including but not limited to, purchase of energy commodities, the delivery and transportation of electricity and all other energy commodities and/or for energy efficiency or clean energy technology programs or projects now in existence or that may exist during the terms of the Agreement.

C Service through Authorized Entity

Through assignment, transfer or otherwise, including through an agency arrangement, Customer shall have the right to make available its Allocation or any part thereof to any entity, including but not limited to Customer's Authorized Recipient, that is duly authorized to receive, purchase, transmit, distribute, and/or resell the power and energy included in the Allocation or otherwise to engage in such transactions as are necessary to effectuate the delivery of the Allocation and/or to provide the financial benefits thereof to the Customer, the Customer's Ultimate Users and the Customer's constituents, as determined in the exercise of the Customer's discretion and consistent with the provisions of the Host Community Relicensing Settlement Agreement dated June 27, 2005 and Article VI of the Agreement. Any such assignment, transfer, agency arrangement or similar transaction contemplated by this paragraph may, but shall not be required to, include elements of the other methods described in this Appendix A.

D Continuity

In the event that any administrative agency or court of competent jurisdiction shall determine that any element of any of the foregoing methods of distributing the Allocations and/or financial benefits thereof is unauthorized or illegal, the Customer shall propose an alternative method of distribution, not necessarily limited to those described above, and the Authority shall promptly determine whether to accept such alternative method. Such acceptance shall not be unreasonably withheld.

E Right to Alternate Between Methods

Customer shall have the right at its discretion and without restriction to alternate between the methods for the distribution of the benefits of the Allocation as set forth in Sections A through D above, upon giving sixty (60) days written notice to the Authority.

F. Market Administration

Notwithstanding anything to the contrary in the Agreement, if Customer and/or Customer's Authorized Recipient elects to convert the Allocation into financial settlements for use as payments or credits pursuant to Sections A or B above, the Authority may in its discretion schedule the Allocation into the NYISO administered market for financial settlement; such financial settlement, less the Authority's costs calculated using tariff rates as described in Article V of the Agreement, shall be provided to Customer, Customer's Authorized Recipient, or Customer's Agent, as the case may be, for disposition pursuant to the terms of a separate agreement between Authority, Customer and either Customer's Agent or Customer's Authorized Recipient, or both.

In the event that the Authority determines, in its discretion, not to use the foregoing method of scheduling the Allocation into the NYISO administered market for financial settlement, the Authority will provide reasonable notice to Customer of its intent to discontinue such method and assist Customer in making other arrangements to effect the delivery of the benefits of the Allocation to Customer or Ultimate Users.

This Section F is intended as an additional method of providing the benefits of the Allocation and is not intended to limit in any way the right to use other methods of providing such benefits, as set forth in the Agreement, including this Appendix A.

Appendix B

NEW YORK POWER AUTHORITY RATE STABILIZATION RESERVE METHODOLOGY

The Rate Stabilization Reserve (or RSR) is a rate making mechanism by which NYPA reconciles its actual annual cost of service and revenues to the projections used to set rates. The purpose is to reconcile the projected cost of service as defined herein and associated revenues to actuals. The difference is then added to or subtracted from the reserve (the accumulation of previous annual differences). If the absolute value of the reserve exceeds \$25MM, the excess will be charged or credited to Customers. The Parties recognize that the current RSR methodology may be changed if such change is deemed to be advantageous to the Parties. Any Party may propose changes to the RSR calculation method. Following notification of a proposed change, the Parties will engage in good faith discussions about the proposed change. The RSR is calculated consistent with Service Tariff No. HC – 1 provisions regarding the Flow Adjustment Computation (FAC). The annual calculation is described below:

1. Calculate the total Cost of Service (CoS) for the Niagara/St. Lawrence projects. Costs include: Operations and Maintenance, Relicensing Costs, Administrative and General Costs (A&G), Depreciation and Capital Costs (using rate base times the Authority's actual long-term debt rate as set forth in Article V).
2. Evaluate revenues to be assessed against the total CoS as follows:
 - a) UCAP Credit will be the actual revenues from excess UCAP sales¹, including calculated revenues associated with internal transfers of UCAP for NYPA's non-hydro customers, and accounting for UCAP adjustments for firm supply customers with locational capacity requirements.
 - b) Ancillary Services Revenues will be the actual revenues from the Hydro Projects' sale of all existing Ancillary Services, and any future Ancillary Services authorized under the NYISO Tariffs.
 - c) Demand Sales Revenues will be determined by multiplying the sum of the Hydro Projects' firm customer billed demands by the preference power demand rate.
 - d) Energy Sales Revenues will be determined by multiplying Hydro Projects' annual metered generation by the preference power energy rate.
3. Calculate the difference between the total CoS in Step 1 and the sum of the revenues established in Step 2 above ("Total Annual Surplus/(Shortfall)").

¹ As part of the CoS, NYPA will credit the excess UCAP revenues from the Hydro Projects' sales into the various ISO auction markets. UCAP credits associated with NYPA's bilateral transactions will be done in accordance with Article V.A(xi)(a).

4. Divide the Total Annual Surplus/(Shortfall) by the Hydro Projects' annual metered generation ("Annual RSR Rate").
5. Multiply the Annual RSR Rate by the actual energy from preference power rate customers ("Annual RSR Contribution").
6. Add the Annual RSR Contribution from the prior year-end to get the current year-end RSR balance.
7. If the current year-end balance is in excess of +/- \$25 million, the excess would be subject to a credit or a surcharge in the subsequent rate year.

Appendix C

RSR EXAMPLE

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
RATE STABILIZATION RESERVE (RSR) COMPUTATION
ILLUSTRATIVE EXAMPLE

Line No.	Description	PRIOR YEAR	CURRENT YEAR
[1]	Total COS		\$350,000
[2]	Preference Power Demand Rate (\$/kW)		\$4.70
[3]	Preference Power Energy Rate (\$/MWh)		\$4.92
[4]	Firm Customer Demands (MW)		31,500
[5]	Annual Generation (GWh)		23,000
[6]	Revenue Sources		
[7]	UCAP Credit		\$50,000
[8]	Ancillary Services		\$22,000
[9] = [2]*[4]	Demand Sales Revenues		\$148,050
[10] = [3]*[5]	Energy Sales Revenues		\$113,160
[11] = [7]+[8]+[9]+[10]	Total Revenue Sources		\$333,210
[12] = [11]-[1]	Total Annual Surplus/(Shortfall)		(\$16,790)
[13] = [12]/[5]	Annual RSR Rate		(\$0.73)
[14]	Preference Power Energy (GWh)		6,941
[15] = [13]*[14]	Annual RSR Contribution		(\$5,067)
[16]	RSR Balance at Year End	\$0	(\$5,067)
<i>Note: All \$ values in \$ Thousands unless otherwise stated</i>			

Cost Projection Assumptions (In \$ Millions)

Gross Administrative & General (A&G)	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
Gross HQ A&G ¹	38.74%	\$211.95	\$220.43	\$229.25	\$238.42	\$247.96	\$257.87	\$268.19
Gross R&D General ¹	38.74%	\$4.59	\$4.78	\$4.97	\$5.17	\$5.37	\$5.59	\$5.81
Gross R&D Production ¹	62.98%	\$1.50	\$1.56	\$1.62	\$1.69	\$1.76	\$1.83	\$1.90
Gross NIA & STL A&G (Reg Comm Fees) ¹	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
Gross NIA & STL A&G (Other) ¹	61.51%	\$7.41	\$7.71	\$8.02	\$8.34	\$8.67	\$9.02	\$9.38
Total Gross A&G ¹		\$229.90	\$239.09	\$248.66	\$258.60	\$268.95	\$279.71	\$290.90

Allocated A&G	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
HQ A&G ²	38.74%	\$82.11	\$85.39	\$88.81	\$92.36	\$96.06	\$99.90	\$103.89
R&D General ²	38.74%	\$1.78	\$1.85	\$1.92	\$2.00	\$2.08	\$2.16	\$2.25
R&D Production ²	62.98%	\$0.95	\$0.98	\$1.02	\$1.06	\$1.11	\$1.15	\$1.20
NIA & STL A&G (Reg Comm Fees) ²	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
NIA & STL A&G (Other) ²	61.51%	\$4.56	\$4.74	\$4.93	\$5.13	\$5.33	\$5.55	\$5.77
Total Allocated A&G ²		\$93.83	\$97.58	\$101.49	\$105.55	\$109.77	\$114.16	\$118.73

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations based on the annual updates to labor ratios.

Operation & Maintenance (O&M)	2025	2026	2027	2028	2029	2030	2031
NIA Direct O&M ¹	\$52.72	\$61.46	\$57.07	\$45.36	\$46.69	\$48.05	\$49.44
STL Direct O&M ¹	\$26.30	\$28.79	\$30.37	\$30.72	\$31.62	\$32.54	\$33.48
NIA Indirect O&M ¹	\$11.50	\$11.96	\$12.44	\$12.82	\$13.19	\$13.57	\$13.97
STL Indirect O&M ¹	\$7.27	\$7.56	\$7.87	\$8.10	\$8.34	\$8.58	\$8.83
Grants, Relicensing & Settlements ²	\$14.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43
Total O&M	\$112.23	\$126.20	\$124.18	\$113.43	\$116.26	\$119.17	\$122.15

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations. Actual emergent work at the NIA and STL facilities will be subject to reconciliation through the annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations.



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

Electric Service Tariff for Host Communities
Firm Hydroelectric Power Service

Service Tariff No. HC-1

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Schedule of Rates for Firm Hydroelectric Power and Energy Service

I. Applicability

To sale of Niagara Hydroelectric Project firm power and energy to the Host Communities customers and/or their Authorized Recipients eligible for cost-based service under the Niagara Relicensing Settlement Agreement.

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 “Agreement” means contract for the Sale of Niagara Project Power and Energy between Authority and Customer.

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 “Customer” means a Host Community defined in the Agreement.

E. The term “Customer’s Agent” may include, without limitation, a public utility, Load Service Entity, Municipal Distribution Agency, load aggregator or other entity authorized to purchase, sell and/or deliver or cause to be delivered electric power and/or energy pursuant to Section 360 of the General Municipal Law or pursuant to other authority.

F. The term “Power” or “Firm Hydroelectric Power” means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

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

- H. The term “Project” means the Authority’s Niagara Hydroelectric Project.
- I. 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.
- J. The term “Service Tariff” means this Service Tariff No. HC-1.

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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2019	4.07	4.92
5/1/2019 through 4/30/2020	4.07	4.92

The demand and energy rates set forth above shall apply at the Project switchyard.

B. Minimum Monthly Charge

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

C. Billing Energy

Energy provided by Authority under this Service Tariff.

D. Billing Period

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

E. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and 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 may be amended and in effect from time to time) which are associated with

Customer's purchase of hydro power and energy under its contract for the sale of hydro power and energy with 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 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 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, whether charged by the NYISO or some other third party.

The NYISO Charges in this section 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 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 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

Unless otherwise agreed upon by the parties, Authority shall normally provide in any billing period Firm Hydroelectric Energy to Customer and/or Customer's Authorized Recipient in an amount equal to the product of (a) the number of hours in such billing period, (b) the contract demand applicable in such billing period and (c) the load factor specified in the Agreement. The Authority will have the right to reduce on a pro rata basis the amount of Firm Hydroelectric Energy provided to Customer and/or Customer's Authorized Recipient 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 and/or Customer's Authorized Recipient in later billing periods. The offer of Firm Hydroelectric Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Firm Hydroelectric Energy is taken by Customer and/or Customer's Authorized Recipient. The Authority shall provide reasonable notice, to the extent possible, to Customer and Customer's Authorized Recipient of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers.

Unless otherwise specified in the Agreement, where Customer is taking service solely from Authority, the billing energy shall be the total number of kilowatt-hours recorded on Customer's and/or Customer's Authorized Recipient's meter (or the meters of entities served by Customer and/or Customer's Authorized Recipient as indicated in the Agreement) during the billing period, adjusted for losses.

Unless otherwise specified in the Agreement, where Customer and/or Customer's Authorized Recipient takes service from other sources in addition to service supplied hereunder, the billing energy shall be determined by multiplying (a) the number of hours in such billing period, (b) the contract demand applicable in such billing period and (c) the load factor specified in the Agreement.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement, the monthly rates and charges contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

D. Adjustment of Charges

Power Factor

Not less than 95% lagging or leading, except as otherwise specified in the Agreement.

E. Delivery

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be delivered by Authority at the Project switchyard to the transmission facilities under the control of the NYISO for delivery to Customer and/or Customer's Authorized Recipient.

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Power and Energy and NYISO transmits it to Customer and/or Customer's Authorized Recipient or its designated points of interconnection with Customer's Agent at the Project switchyard. The offer of Firm Hydroelectric Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Firm Hydroelectric Energy is taken by Customer and/or Customer's Authorized Recipient. If, despite such offer, there is a failure of delivery by Customer, Customer's Authorized Recipient, or Customer's Agent, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

F. Scheduling Procedures

1. Authority will advise Customer, and Customer's Authorized Recipient, or Customer's Agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Energy expected to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Energy from the Project be scheduled in general accordance with the individual system load shapes of Customer, Customer's Authorized Recipient, or Customer's Agent or as otherwise agreed upon by the Customer and Authority.

3. Customer, Customer's Authorized Recipient, or Customer's Agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's and/or Customer's Authorized Recipient's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of schedules for any day, Authority and Customer, Customer's Authorized Recipient, or Customer's Agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

G. Payment by Customer and/or Customer's Authorized Recipient for Firm Hydroelectric Power and Energy

1. Customer and/or Customer's Authorized Recipient shall pay for Firm Hydroelectric Power and Energy during any billing period the sum of a) and b) below:
 - a. The demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period; and
 - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric billing energy delivered by Authority to Customer and/or Customer's Authorized Recipient during such billing period.
2. 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.

H. Supplementary Provision

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

I. Alternate Arrangements

Notwithstanding general provisions E, F and G above, Authority, Customer, Customer's Authorized Recipient and/or Customer's Agent may make alternate arrangements regarding Delivery, Scheduling Procedures and Payment by Customer for Firm Hydroelectric Power and Energy consistent with the terms of the Agreement or other contract documents.

J. 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.

V. Flow Adjustment Computation ("FAC")

The energy charges under this Service Tariff, and the applicable service tariffs associated with both the Project and the St. Lawrence-FDR 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 such applicable Agreement(s).

AGREEMENT FOR THE SALE
OF NIAGARA PROJECT POWER AND ENERGY

Between the
POWER AUTHORITY
OF THE
STATE OF NEW YORK
and the
TUSCARORA NATION

30 South Pearl Street
Albany, New York

Service Tariff No. TN-1 - Firm Hydroelectric Power and Energy

Month 202_

POWER AUTHORITY OF THE STATE OF NEW YORK

**30 South Pearl Street
Albany, New York 12207**

and the

TUSCARORA NATION

AGREEMENT FOR THE SALE OF HYDROPOWER AND ENERGY

SERVICE TARIFF No. TN-1 – Firm Hydroelectric Power and Energy

(TUSCARORA NATION)

Tuscarora Nation (“Nation”) hereby enters into this Agreement with the Power Authority of the State of New York for electric service as follows:

I. Definitions

- A. **Adverse Water Condition** means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.
- B. **Agreement** means this Agreement.
- C. **Allocation** shall mean the amount of power and associated energy that the Authority has allocated to The Nation hereunder.
- D. **Ancillary Services** shall be as defined by the NYISO in its rules, tariffs, manuals and procedures.
- E. **Authority** is the Power Authority of the State of New York.
- F. **Commencement Date** shall be as set forth in Article XVII.
- G. **Contract Demand** will be the amounts set forth in Article II or such other amount as may be determined in accordance with the provisions of this Agreement.

- H. **Electric Service** is Power and Energy available to The Nation in accordance with applicable Service Tariffs, Rules and other contract documents.
- I. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).
- J. **FERC License** means the license issued by FERC to the Authority on March 15, 2007 for the continued operation and maintenance of the Niagara Power Project, FERC Project No. 2216, which became effective September 1, 2007.
- K. **Firm Hydroelectric Power and Energy** are firm power and associated energy from the Authority's Niagara Power Project, intended to be available at all times except for limitations provided in this Agreement, the Rules, applicable Service Tariff or in other contract documents.
- L. **Green Attributes** are attributes associated with renewable energy power production facilities as recorded in the New York Generation Attribute Tracking System administered by The New York State Energy Research and Development Authority.
- M. **Hydro Projects** is a collective reference to the Niagara Power Project (defined as "Project" herein) and the St. Lawrence-FDR Project, FERC Project No. 2000, owned and operated by the Authority.
- N. **Load Serving Entity** Is an entity authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to the Nation under the rules, tariffs, manuals and procedures of the NYISO.
- O. **Nation** is the Tuscarora Nation, a federally recognized sovereign Indian nation.
- P. **Nation-Arranged Energy** means energy the Nation itself procures from sources other than the Authority for the purpose of replacing Firm Hydroelectric Energy that is not supplied to the Nation due to a Planned Hydropower Curtailment.
- Q. **Nation's Agent** is defined in Article IX.
- R. **NRA** means the federal Niagara Redevelopment Act (18 USC §§836, 836a)
- S. **NYISO** means the New York Independent System Operator, Inc. or any successor organization.
- T. **Planned Hydropower Curtailment** means a temporary reduction in Firm Energy to which the Nation is entitled to receive under this Agreement made by the Authority in response to an anticipated or forecasted Adverse Water Condition.
- U. **Project** means the Niagara Power Project, FERC Project No. 2216.

- V. **Project Power and Energy** means Firm Hydroelectric Power and Energy produced by the Project.
- W. **Project Switchyard** is the Niagara Project switchyard.
- X. **Relicensing Settlement Agreement** means the Relicensing Settlement Agreement Between the Power Authority of the State of New York and the Tuscarora Nation executed August 1, 2005.
- Y. **Rules** are the applicable provisions of the 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).
- Z. **Service Tariffs** are schedules establishing rates and other conditions for sale of Electric Services to the Nation.
- AA. **Substitute Energy** means energy that is provided to the Nation by or through the Authority for the purpose of replacing Firm Energy that is not supplied to the Nation due to a Planned Hydropower Curtailment or an Unplanned Hydropower Curtailment.
- BB. **Ultimate Users** are entities to whom the Nation will convey benefits associated with Project Power and Energy purchased from the Authority as provided in Article VI of this Agreement and Appendix A hereto. The Nation may designate itself as an Ultimate User.
- CC. **Unforced Capacity** is the capacity required to be provided by Load Serving Entities to serve load as defined by the NYISO in its rules, tariffs, manuals and procedures.
- DD. **Unplanned Hydropower Curtailment** means a temporary reduction in the amount of Firm Hydroelectric Energy to which the Nation is entitled to receive under this Agreement due to Adverse Water Condition that the Authority did not anticipate or forecast.

II. Electric Service to be Provided

- A. The Authority shall provide Electric Service pursuant to a Service Tariff for Power and/or Energy to enable the Nation to receive the Allocation from the Project in accordance with the provisions of the FERC License and Relicensing Settlement Agreement, in the amount set forth below:

Firm Hydroelectric Power and Energy Service pursuant to
Service Tariff No. TN-1: 1,000 KiloWatts (Contract Demand)

The Authority shall provide Unforced Capacity in amounts necessary to meet the NYISO Unforced Capacity requirements associated with the foregoing Allocation in accordance with the rules and tariffs of the NYISO. Neither Ancillary Services, nor Green Attributes are included in such allocation.

- B. The Contract Demands for Project Power and Energy may be modified by the Authority if the amounts of such Project Power and Energy available for sale from the Project are modified as required to comply with any ruling, order or decision of any regulatory or judicial body having jurisdiction.

III. Rules, Regulations and Service Tariffs

The Rules and Service Tariff No. TN-1, as now in effect and/or such superseding tariffs or other tariffs as the Authority may later promulgate, all as such Rules and Service Tariffs may be later amended from time to time by the Authority, are hereby incorporated into this Agreement with the same force and effect as if herein set forth at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariffs and the Rules, the provisions of the Service Tariffs shall govern. In the event of any inconsistencies, conflicts or differences between Articles I through XVII of this Agreement and either the Rules or the Service Tariffs, the provisions of Articles I through XVII of this Agreement shall govern. The Authority shall provide at least thirty (30) days prior written notice to the Nation of any proposed change in the above Rules and Service Tariffs, but in no event shall Authority provide less notice than that provided to similarly affected customers within New York State if that period of minimum notice is greater than herein referenced.

IV. Transmission and Delivery of Power and Energy

Authority shall make Project Power and Energy available to the Nation at the Project Switchyard. It is the Nation's responsibility to act as the Load Serving Entity ("LSE"), arrange for another entity to do so on its behalf or make other arrangements for conveying the benefits associated with the allocation to Ultimate Users. The Nation shall be responsible for all costs associated with the transmission and delivery of the Allocation.

V. Rates

- A. Project Power and Energy provided by the Authority from the Project shall be sold to the Nation at cost-based rates consistent with the Article 6.2(d) of the Relicensing Settlement Agreement, the NRA and the FERC License, and at the "lowest rates reasonably possible" as referred to in the NRA, § 836(b)(1) and at the "lowest possible price" as referred to in the N.Y. Public Authorities Law ("PAL") § 1005(5). The Authority shall charge and the Nation shall pay the preference power rates as adopted by the Authority's Trustees, as revised from time to time at the discretion of the Authority's Trustees, exercised in accordance with the terms and conditions of this Agreement. During the Term of this

Agreement, the Nation will not object to rates that apply the following Cost of Service (“CoS”) provisions (“Principles and Methodologies”):

- (i) Recovery of the “cost of generation, plus capital and operating charges,” or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Hydro Projects for ratemaking purposes;
- (iii) The use of Authority’s ‘labor/labor’ method (i.e. labor ratios) for allocation of Administrative and General (“A&G”) costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority’s capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority’s actual long-term debt rate as published annually in the Authority’s Consolidated Financial Statements report;
 - (b) The Authority’s rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority’s depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority’s broad discretion and in accordance with the Authority’s obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority’s existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;

- (vii) Use of the Rate Stabilization Reserve (“RSR”) for the tracking of any under-collection or over-collection of the Authority’s CoS developed for the Hydro Projects, as described in Appendix B;
- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity (“UCAP”) and Ancillary Services revenues;
- (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
- (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
- (xi) The RSR reconciliations, as set forth in Appendix B, will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average “Rest of State” UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - (b) Authority’s A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. See Appendix C. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - (c) Authority’s Operation & Maintenance (“O&M”) expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. See Appendix C. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.

(d) Authority's actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.

B. In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Nation or the Nation's Authorized Recipient shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article V shall limit the Authority and the Nation or the Nation's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.

VI. Use and Resale of Project Power and Energy, Recovery of Costs

The Nation shall use the Allocation for its facilities, for Ultimate Users or as otherwise allowed in accordance with this Agreement and Appendix A hereof.

Except as otherwise provided in Appendix A hereof, The Nation shall distribute the Allocation to the Ultimate Users identified in Appendix A, consistent with Section 5.2 (d) of the Relicensing Settlement Agreement. The Nation shall have the right to recover from the Ultimate Users as Nation Costs its direct administrative and services costs, reasonable compensation for use of third party facilities and services furnished to the Nation in the transmission and distribution of such power and all costs associated with negotiating the Agreement and the establishment of mechanisms to accept and distribute the Allocation incurred after the execution of the Relicensing Settlement Agreement executed August 1, 2005. Such Costs shall be reimbursed to The Nation or otherwise paid by the Ultimate Users by procedures to be determined by the Nation.

The Nation shall require its Agent to make available to the Authority upon request such records as may be reasonably necessary for the Authority to determine that the Allocation has been distributed in compliance with Appendix A.

The Nation may authorize a statement to accompany the distribution of the benefits of the Allocation to Ultimate Users indicating the total savings in dollars realized by the individual Ultimate User for the particular billing period as a result of the purchase of hydroelectric power and energy by the Nation from the Authority.

VII. Availability of Energy.

Subject to any other limitations set forth in the Rules or the Service Tariff (including low-flow conditions), if the Nation provides the Allocation to Ultimate Users for physical delivery to such Users' accounts as set forth in Appendix A, Authority will supply the Nation's (or Ultimate Users', as the case may be) entire demand and energy usage up to the Contract Demand. If there is any portion of the energy associated with the Allocation made available to the Nation at a monthly load factor of seventy percent (70%) (pursuant to the Authority's regular scheduling requirements)

that is not required to serve such Ultimate User's facilities, such energy may be utilized as Excess Power in the manner described in Appendix A.

For any usage above the Contract Demand, it is The Nation's responsibility to arrange for provision of such excess service by a third party supplier, and the apportionment of energy between suppliers shall be as set forth in Service Tariff No. TN-1, or any successor tariff.

Subject to any other limitations set forth in the Rules or Service Tariff (including low-flow conditions), if the Nation provides the benefits of the Allocation to Ultimate Users in the form of Power Credits as set forth in Appendix A, the Allocation will be delivered at a monthly load factor of seventy percent (70%) pursuant to the Authority's regular scheduling requirements.

VIII. Hydro Curtailments and Substitute Energy

- a. The Nation shall, on a form provided by the Authority, elect to either (a) purchase Substitute Energy from the Authority, or (b) rely on Nation-Arranged Energy, for the purpose of replacing Firm Hydroelectric Energy that is not supplied to the Nation due to a Planned Hydropower Curtailment. The Nation shall make its election in accordance with the time period and other requirements prescribed in such form. The election shall apply for the entire calendar year identified in the form and shall remain in effect unless changed in accordance with Article VIII.b.
- b. The Nation may change its election on a form provided by the Authority by giving the Authority notice of such change no later than the first day of November preceding the calendar year to which the Nation intends such change to become effective. Such change shall be effective on the first day of January following the Authority's receipt of the Nation's notice and shall remain in effect unless it is changed in accordance with the provisions of this Article VIII.b for a subsequent calendar year.
- c. In the event of an anticipated or planned Adverse Water Condition, the Authority will have the right in its discretion to implement Planned Hydropower Curtailments. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project. The Authority will provide the Nation with advance notice of Planned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Nation no later than the tenth business day of the month prior to the month in which the Planned Hydropower Curtailment is expected to occur unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.
- d. If the Nation elected to purchase Substitute Energy from the Authority, the Authority shall provide Substitute Energy to the Nation during all Planned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in

writing, Substitute Energy shall be sourced from markets administered by the NYISO. The Authority may require the Nation to enter into one or more separate agreements to facilitate the provision of Substitute Energy to the Nation.

- e. If the Nation elected to rely on Nation-Arranged Energy, the Authority shall have no responsibility to provide the Nation with Substitute Energy during any Planned Hydropower Curtailment, and the Nation shall be responsible for the procurement, scheduling, delivery and payment of all costs associated with Nation-Arranged Energy.
- f. In the event of an Adverse Water Condition that the Authority did not anticipate or forecast, the Authority shall have the right in its discretion to implement Unplanned Hydropower Curtailments. The Unplanned Hydropower Curtailments will be implemented on a non-discriminatory basis as to all Authority customers that are served by the Project.
- g. The Authority will provide the Nation with notice of Unplanned Hydropower Curtailments that in the Authority's judgment will impact Electric Service to the Nation within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Nation with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond.
- h. Notwithstanding the Nation's election pursuant to Article VIII.a, the Authority shall provide the Nation with Substitute Energy during Unplanned Hydropower Curtailments, provided, however, that the supply of Substitute Energy during an Unplanned Hydropower Curtailment will be for the shortest duration the Authority determines is reasonable considering the circumstances, including but not limited to the operating procedures of the Authority, third-party transmission or delivery utilities who deliver the Substitute Energy, and the NYISO.
- i. For each kilowatt-hour of Substitute Energy provided by the Authority during a Planned Hydropower Curtailment, the Nation shall pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for Firm Hydroelectric Energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Planned Hydropower Curtailments shall be governed by the provisions of Service Tariff No. TN-1 relating to the rendition and payment of bills for Electric Service.
- j. When the Authority implements an Unplanned Hydropower Curtailment, the Nation shall reimburse the Authority for Substitute Energy provided to the Nation at the preference power rate. The Authority shall calculate the difference

between the market cost of Substitute Energy incurred by the Authority and the preference rate for the duration of the Unplanned Hydropower Curtailment, and shall provide a notification to the Nation of that differential as it becomes available through the NYISO settlement process for each Unplanned Hydropower Curtailment that results in Substitute Energy purchases. On an annual basis, the differential between costs of Substitute Energy purchases by the Authority during Unplanned Hydropower Curtailments and the costs of preference power rate purchases shall be included in the annual RSR reconciliation.

- k. The Authority will provide the Nation with an explanation of all Planned Hydropower Curtailments and Unplanned Hydropower Curtailments, and an accounting of all charges assessed to the Nation for Substitute Energy and for Unplanned Hydropower Curtailments, calculations and notifications as described in Article VIII.j.
- l. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Nation in later billing periods.
- m. The Nation shall not be entitled to power and energy sourced from another Authority power facility, including another Authority hydropower project, as Substitute Energy.

IX. Appointment of Nation's Agent

Upon reasonable prior written notice to the Authority, the Nation shall have the right to delegate to an agent any or all duties under this Agreement (the "Nation's Agent") and the Authority acknowledges that such duties may be performed by the Nation's Agent. Duties delegated to the Nation's Agent may include the keeping of all records pertaining to the distribution of the Allocation, the payment of any or all amounts due to the Authority under this Agreement and any or all such other duties contained in this Agreement as may be specified by the Nation; provided that the Nation may choose to assume and perform any or all of the duties previously delegated to the Nation's Agent and provided further that nothing herein, including the Nation's designation of such an agent, shall be deemed to be approval by the Authority of an assignment of any of the Nation's duties and obligations under its Agreement with the Authority. The Nation may, on reasonable prior written notice to the Authority, designate a different party as the Nation's Agent at any time during the term of this Agreement.

X. Term and Termination of Service

Service under the Agreement shall begin on the Commencement Date and shall continue until the earliest of (a) termination by the Nation with respect to all or part of its Allocation upon ninety (90) days prior written notice, (b) termination by the Authority pursuant to the Rules upon required notice, or (c) September 1, 2041, at which time a new agreement will be entered between the Authority and the Nation

to provide the Nation with Project Power and Energy for the remainder of the licensing period in the amount and for the rate then in effect which complies with the terms of the Relicensing Settlement Agreement. If such a new agreement is not in place to take effect after September 1, 2041, service will be continued under the terms and conditions of this Agreement on a year to year basis or until a new agreement takes effect between the parties.

The Authority may cancel service hereunder or modify the quantities of Project Power and Energy allocated to the Nation only (a) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency), or (b) as otherwise provided herein or in the Rules. Notwithstanding the foregoing, upon mutual agreement this Agreement may be extended beyond such date on a month to month basis pending execution of any successor agreement between the Nation and Authority.

Notwithstanding the termination provisions of this Article, the Nation may pause the electric service related to all or a portion of its Allocation once annually upon sixty (60) days prior written notice. The Nation may recommence the electric service related to all or a portion of its Allocation once annually upon sixty (60) days prior written notice.

Nothing herein is intended to limit the rights of the Nation under the Relicensing Settlement Agreement, and the Authority and the Nation understand and agree that the Authority is obligated under such Relicensing Settlement Agreement to make a total of **1.0** MW of Project Power and Energy available to The Nation for the term of the FERC License, whether through extension of this Agreement or by subsequent agreement.

XI. Notification

Correspondence involving the administration of this Agreement shall be addressed as follows:

o: Authority

Manager – Power Contracts & Tariffs
New York Power Authority
123 Main Street
White Plains, NY 10601

To: The Nation

Chief Leo R. Henry
Tuscarora Nation
2006 Mt. Hope Rd.
via Lewiston, NY 14092

XII. Applicable Law, Sovereign Immunity and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act. Any action or proceeding arising out of or relating to this Agreement shall be brought in a court of competent jurisdiction located in Albany County, New York. Nothing in this Agreement shall be construed as, or is intended to constitute, waiver of sovereign immunity or of any other aspect of the sovereignty of the Tuscarora Nation or the State of New York. Nor shall anything in this agreement be construed as a waiver by the Authority of its right under the Rules to discontinue furnishing electric service to the Nation for the nonpayment of bills.

XIII. Successors and Assigns

This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto; provided, however, that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained, which consent shall not be unreasonably withheld.

XIV. Previous Agreements and Communications

This Agreement, together with the Relicensing Settlement Agreement, shall constitute the sole and complete agreement of the Parties hereto with respect to the matters herein set forth. Such Agreements supersede all previous communications between the Parties hereto, either oral or written, with reference to the subject matter hereof.

No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XV. Acceptance and Approvals

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act and of the Nation's Chiefs in Council by written resolution or other procedure consistent with the laws of the Nation, and upon execution by the Parties, this Agreement, the provisions of which shall survive for the term hereof, together with applicable Service Tariffs and Rules both as they may be amended, shall constitute the contract between the Parties for Electric Service hereunder.

XVI. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

Notwithstanding the preceding paragraph, if any provision of this Agreement or the Relicensing Settlement Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be void and unenforceable.

XVII. Effectiveness of Agreement

This Agreement shall take effect on the date of this Agreement's execution under Article XV above.

THE NATION

BY: _____

Name: _____

Title: _____

Date: _____

POWER AUTHORITY OF THE STATE OF NEW YORK

BY: _____

Name: _____

Title: _____

Date: _____

Appendix A

The Nation will initially distribute power and energy purchased from the New York Power Authority under the Agreement or the economic benefit of such power and energy to the following Ultimate Users:

1. The Nation.
2. Individual consumers within the Nation as designated by the Nation.

The Nation may change the Ultimate Users or class of Ultimate Users on thirty (30) day's notice to the Authority.

The benefits of the Allocation shall be provided to such Ultimate Users either by direct sale or by allocation by the Nation (or by the Nation's Agent) of electricity or the provision of bill credits, as set forth below, or through different methods approved by the Authority.

The listing of the foregoing Ultimate Users in no way mandates or requires for any reason that the Nation provide any portion of the Allocation (or Power Credits) to an Ultimate User and shall not preclude the Nation from denying any such Ultimate User the benefits associated with an allocation for any reason as determined by the Nation.

A. Direct Sale / Allocation, Use of Excess Power

The Nation may make a portion of the Allocation available to an Ultimate User for delivery at such Ultimate User's electricity accounts under applicable law. If there is any portion of the Allocation made available to The Nation that is not required to serve such Ultimate User's facilities, such Excess Power (up to the load factor specified in the Agreement) may be utilized as follows:

1. The Nation or the Nation's Agent may schedule Excess Power into the NYISO administered market for financial settlement, and such financial settlement so received by the Nation (less the Nation's Costs as set forth in Article VI of the Agreement and the cost of the power and energy purchased from the Authority), shall be applied by the Nation to payment of the Nation's (or an Ultimate User's, as the case may be) energy-related costs, included but not limited to, the purchase of energy commodities, the delivery and transportation of electricity and all other energy commodities and/or for energy efficiency or clean energy technology programs or projects.
2. The Nation may use the Excess Power (or the benefits associated with such Excess Power derived from a financial settlement as set forth in the preceding Paragraph 1) for economic development by providing credits to a business to apply against the cost and/or delivery of power or energy consumed by such business.

B. Power Credits

The Nation, or the Nation's Agent, may schedule all of its Allocation (up to the load factor specified in the Agreement) into the NYISO administered market for financial settlement, and such financial settlement so received by the Nation (less the Nation's Costs as set forth above and the cost of the power and energy purchased from the Authority), may be provided to Ultimate Users in the form of Power Credits by the Nation as follows:

Power Credits may be applied towards the cost and/or delivery of electric power or energy consumed by the Ultimate User or for energy-related costs, including but not limited to, the purchase of energy commodities, for the delivery and transportation of electricity and all other energy commodities, for energy efficiency or clean energy technology programs or projects and/or for economic development by providing credits to a business to apply against the cost and/or delivery of power or energy consumed by such business.

C. Right to Alternate Between Methods

The Nation shall have the right at its discretion and without restriction to alternate between the methods for the distribution of the benefits of the Allocation as set forth in Sections A and B above, upon giving sixty (60) days written notice to the Authority.

D. Market Administration

Notwithstanding anything to the contrary in the Agreement, if the Nation elects to convert the Allocation into bill credits pursuant to Sections A or B above, the Authority may in its discretion schedule the Allocation into the NYISO administered market for financial settlement; such financial settlement, less the Authority's costs calculated using tariff rates as described in Article V of the Agreement, shall be provided to the Nation or the Nation's Agent, as the case may be, for disposition pursuant to the terms of a separate agreement with the Authority and the Nation (and the Nation's Agent, if appropriate).

In the event that the Authority determines, in its discretion, not to use the foregoing method of scheduling the Allocation into the NYISO administered market for financial settlement, the Authority will provide reasonable notice to the Nation of its intent to discontinue such method and assist the Nation in making other arrangements to effect the delivery of the benefits of the Allocation to the Nation or Ultimate Users.

Appendix B

NEW YORK POWER AUTHORITY RATE STABILIZATION RESERVE METHODOLOGY

The Rate Stabilization Reserve (or RSR) is a rate making mechanism by which NYPA reconciles its actual annual cost of service and revenues to the projections used to set rates. The purpose is to reconcile the projected cost of service as defined herein and associated revenues to actuals. The difference is then added to or subtracted from the reserve (the accumulation of previous annual differences). If the absolute value of the reserve exceeds \$25MM, the excess will be charged or credited to Customers. The Parties recognize that the current RSR methodology may be changed if such change is deemed to be advantageous to the Parties. Any Party may propose changes to the RSR calculation method. Following notification of a proposed change, the Parties will engage in good faith discussions about the proposed change. The RSR is calculated consistent with Service Tariff No. TN-1 provisions regarding the Flow Adjustment Computation (FAC). The annual calculation is described below:

1. Calculate the total Cost of Service (CoS) for the Niagara/St. Lawrence projects. Costs include: Operations and Maintenance, Relicensing Costs, Administrative and General Costs (A&G), Depreciation and Capital Costs (using rate base times the Authority's actual long-term debt rate as set forth in Article V).
2. Evaluate revenues to be assessed against the total CoS as follows:
 - a) UCAP Credit will be the actual revenues from excess UCAP sales¹, including calculated revenues associated with internal transfers of UCAP for NYPA's non-hydro customers, and accounting for UCAP adjustments for firm supply customers with locational capacity requirements.
 - b) Ancillary Services Revenues will be the actual revenues from the Hydro Projects' sale of all existing Ancillary Services, and any future Ancillary Services authorized under the NYISO Tariffs.
 - c) Demand Sales Revenues will be determined by multiplying the sum of the Hydro Projects' firm customer billed demands by the preference power demand rate.
 - d) Energy Sales Revenues will be determined by multiplying Hydro Projects' annual metered generation by the preference power energy rate.
3. Calculate the difference between the total CoS in Step 1 and the sum of the revenues established in Step 2 above ("Total Annual Surplus/(Shortfall)").

¹ As part of the CoS, NYPA will credit the excess UCAP revenues from the Hydro Projects' sales into the various ISO auction markets. UCAP credits associated with NYPA's bilateral transactions will be done in accordance with Article V.A(xi)(a).

4. Divide the Total Annual Surplus/(Shortfall) by the Hydro Projects' annual metered generation ("Annual RSR Rate").
5. Multiply the Annual RSR Rate by the actual energy from preference power rate customers ("Annual RSR Contribution").
6. Add the Annual RSR Contribution from the prior year-end to get the current year-end RSR balance.
7. If the current year-end balance is in excess of +/- \$25 million, the excess would be subject to a credit or a surcharge in the subsequent rate year.

Appendix C

RSR EXAMPLE

NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
RATE STABILIZATION RESERVE (RSR) COMPUTATION
ILLUSTRATIVE EXAMPLE

Line No.	Description	PRIOR YEAR	CURRENT YEAR
[1]	Total COS		\$350,000
[2]	Preference Power Demand Rate (\$/kW)		\$4.70
[3]	Preference Power Energy Rate (\$/MWh)		\$4.92
[4]	Firm Customer Demands (MW)		31,500
[5]	Annual Generation (GWh)		23,000
[6]	Revenue Sources		
[7]	UCAP Credit		\$50,000
[8]	Ancillary Services		\$22,000
[9] = [2]*[4]	Demand Sales Revenues		\$148,050
[10] = [3]*[5]	Energy Sales Revenues		\$113,160
[11] = [7]+[8]+[9]+[10]	Total Revenue Sources		\$333,210
[12] = [11]-[1]	Total Annual Surplus/(Shortfall)		(\$16,790)
[13] = [12]/[5]	Annual RSR Rate		(\$0.73)
[14]	Preference Power Energy (GWh)		6,941
[15] = [13]*[14]	Annual RSR Contribution		(\$5,067)
[16]	RSR Balance at Year End	\$0	(\$5,067)
<i>Note: All \$ values in \$ Thousands unless otherwise stated</i>			

Cost Projection Assumptions (In \$ Millions)

Gross Administrative & General (A&G)	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
Gross HQ A&G ¹	38.74%	\$211.95	\$220.43	\$229.25	\$238.42	\$247.96	\$257.87	\$268.19
Gross R&D General ¹	38.74%	\$4.59	\$4.78	\$4.97	\$5.17	\$5.37	\$5.59	\$5.81
Gross R&D Production ¹	62.98%	\$1.50	\$1.56	\$1.62	\$1.69	\$1.76	\$1.83	\$1.90
Gross NIA & STL A&G (Reg Comm Fees) ¹	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
Gross NIA & STL A&G (Other) ¹	61.51%	\$7.41	\$7.71	\$8.02	\$8.34	\$8.67	\$9.02	\$9.38
Total Gross A&G ¹		\$229.90	\$239.09	\$248.66	\$258.60	\$268.95	\$279.71	\$290.90

Allocated A&G	Labor Ratios ²	2025	2026	2027	2028	2029	2030	2031
HQ A&G ²	38.74%	\$82.11	\$85.39	\$88.81	\$92.36	\$96.06	\$99.90	\$103.89
R&D General ²	38.74%	\$1.78	\$1.85	\$1.92	\$2.00	\$2.08	\$2.16	\$2.25
R&D Production ²	62.98%	\$0.95	\$0.98	\$1.02	\$1.06	\$1.11	\$1.15	\$1.20
NIA & STL A&G (Reg Comm Fees) ²	100%	\$4.44	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40	\$5.61
NIA & STL A&G (Other) ²	61.51%	\$4.56	\$4.74	\$4.93	\$5.13	\$5.33	\$5.55	\$5.77
Total Allocated A&G ²		\$93.83	\$97.58	\$101.49	\$105.55	\$109.77	\$114.16	\$118.73

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations based on the annual updates to labor ratios.

Operation & Maintenance (O&M)	2025	2026	2027	2028	2029	2030	2031
NIA Direct O&M ¹	\$52.72	\$61.46	\$57.07	\$45.36	\$46.69	\$48.05	\$49.44
STL Direct O&M ¹	\$26.30	\$28.79	\$30.37	\$30.72	\$31.62	\$32.54	\$33.48
NIA Indirect O&M ¹	\$11.50	\$11.96	\$12.44	\$12.82	\$13.19	\$13.57	\$13.97
STL Indirect O&M ¹	\$7.27	\$7.56	\$7.87	\$8.10	\$8.34	\$8.58	\$8.83
Grants, Relicensing & Settlements ²	\$14.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43	\$16.43
Total O&M	\$112.23	\$126.20	\$124.18	\$113.43	\$116.26	\$119.17	\$122.15

¹ Projected amounts will not be subject to reconciliation in annual RSR calculations. Actual emergent work at the NIA and STL facilities will be subject to reconciliation through the annual RSR calculations.

² Projected amounts will be subject to reconciliation in annual RSR calculations.



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

Electric Service Tariff for Tuscarora Nation
Firm Hydroelectric Power Service

Service Tariff No. TN-1

Date of Issue: May 1, 2017

Date Effective: May 2017 Bill Period

Issued by Keith T. Hayes, Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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Schedule of Rates for Firm Hydroelectric Power and Energy Service

I. Applicability

To sale of Niagara Hydroelectric Project firm power and energy to the Tuscarora Nation pursuant to the Relicensing Settlement Agreement between Authority and the Tuscarora Nation executed on August 1, 2005.

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 “Agreement” means contract for the Sale of Niagara Project Power and Energy between Authority and Nation.

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 “Customer” or “Nation” means the Tuscarora Nation, a federally recognized sovereign Indian nation.

E. The term “Nation’s Agent” may include, without limitation, a public utility, Load Service Entity, Municipal Distribution Agency, load aggregator or other entity authorized to purchase, sell and/or deliver or cause to be delivered electric power and/or energy pursuant to Section 360 of the General Municipal Law or pursuant to other authority.

F. The term “Power” or “Firm Hydroelectric Power” means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

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

H. The term “Project” means the Authority’s Niagara Hydroelectric Project.

- I. 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.
- J. The term “Service Tariff” means this Service Tariff No. TN-1.

Date of Issue: May 1, 2017

Date Effective: May 2017 Bill Period

Issued by Keith T. Hayes, Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly demand and energy charges paid by Nation 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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2019	4.07	4.92
5/1/2019 through 4/30/2020	4.07	4.92

The demand and energy rates set forth above shall apply at the Project switchyard.

B. Minimum Monthly Charge

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

C. Billing Energy

Energy provided by Authority under this Service Tariff.

D. Billing Period

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

E. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Nation.

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 may be amended and in effect from time to time) which are associated with

Customer's purchase of hydro power and energy under its contract for the sale of hydro power and energy with 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, whether charged by the NYISO or some other third party.

The NYISO Charges in this section 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 Nation 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 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 Regulations for Power Service and this Service Tariff with regard to deliveries to Nation are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Availability of Energy

Unless otherwise agreed upon by the parties, Authority shall normally provide in any billing period Firm Hydroelectric Energy to Nation in an amount equal to the product of (a) the number of hours in such billing period, (b) the contract demand applicable in such billing period and (c) the load factor specified in the Agreement. The Authority will have the right to reduce on a pro rata basis the amount of Firm Hydroelectric Energy provided to Nation 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 Nation in later billing periods. The offer of Firm Hydroelectric Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Firm Hydroelectric Energy is taken by Customer. The Authority shall provide reasonable notice, to the extent possible, to Nation of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers.

Unless otherwise specified in the Agreement, where Nation is taking service solely from Authority, the billing energy shall be the total number of kilowatt-hours recorded on Nation's meter (or the meters of entities served by Nation as indicated in the Agreement) during the billing period, adjusted for losses.

Unless otherwise specified in the Agreement, where Nation takes service from other sources in addition to service supplied hereunder, the billing energy shall be determined by multiplying (a) the number of hours in such billing period, (b) the contract demand applicable in such billing period and (c) the load factor specified in the Agreement.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement, the monthly rates and charges contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Nation.

D. Adjustment of Charges

Power Factor

Not less than 95% lagging or leading, except as otherwise specified in the Agreement.

E. Delivery

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be delivered by Authority at the Project switchyard to the transmission facilities under the control of the NYISO for delivery to Nation.

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Power and Energy and NYISO transmits it to Nation or its designated points of interconnection with the Nation's Agent at the Project switchyard. The offer of Firm Hydroelectric Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Firm Hydroelectric Energy is taken by Nation. If, despite such offer, there is a failure of delivery by Nation or the Nation's Agent, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

F. Scheduling Procedures

1. Authority will advise Nation or Nation's Agent by the tenth (10th) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Energy expected to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Energy from the Project be scheduled in general accordance with the individual system load shape of Nation or the Nation's Agent or as otherwise agreed upon by Nation and Authority.
3. Nation or the Nation's Agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Nation's requested amounts from the Project on a clock hour basis.

4. Subsequent to Authority approval of schedules for any day, Authority and Nation or the Nation's Agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

G. Payment by Nation for Firm Hydroelectric Power and Energy

1. Nation shall pay for Firm Hydroelectric Power and Energy during any billing period the sum of a) and b) below:
 - a. The demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Nation's contract demand for the billing period; and
 - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric billing energy delivered by Authority to Nation during such billing period.
2. 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, Nation shall pay such bill in full. If necessary, any adjustments will be made thereafter.

H. Supplementary Provision

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

I. Alternate Arrangements

Notwithstanding general provisions E, F and G above, Authority and Customer (and the Nation's Agent, if appropriate) may make alternate arrangements regarding Delivery, Scheduling Procedures and Payment by Customer for Firm Hydroelectric Power and Energy consistent with the terms of the Agreement or other contract documents.

J. 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.

V. Flow Adjustment Computation ("FAC")

The energy charges under this Service Tariff, and the applicable service tariffs associated with both the Project and the St. Lawrence-FDR 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 such applicable Agreement(s).

2025 Amendment to 1990 Service Agreement

This 2025 Amendment to the 1990 Service Agreement, dated this ___ day of December, 2025 is made between Niagara Mohawk Power Corporation, d/b/a National Grid (“Company”) and the Power Authority of the State of New York (“Authority”).

WHEREAS, the Company and the Authority are parties to an agreement dated February 22, 1989 under which the Authority has sold certain quantities of hydroelectric power and energy in accordance with Authority Service Tariff (“ST”) No. 41 and ST. No. 42 from Authority’s Niagara and St. Lawrence Projects to Company for resale to its rural and residential consumers (the “1990 Service Agreement”).

WHEREAS, the Company and Authority have previously modified and extended the 1990 Service Agreement, most recently by the “2024 Amendment to 1990 Service Agreement” (the “2024 Agreement”).

WHEREAS, by letter dated June 29, 2011, Authority withdrew all 189 MW of Firm Hydroelectric Power and Energy allocated under ST No. 41 and terminated service under the 1990 Service Agreement under ST No. 41 with respect to all 189 MW of Firm Hydroelectric Power and Energy, effective August 1, 2011, for use in the Recharge New York Power Program created pursuant to Chapter 60 (Part CC) of the Laws of 2011 (the “Firm Power and Energy Withdrawal/Termination”).

WHEREAS, Company and Authority agree to further modify and extend certain terms of the 1990 Service Agreement as follows:

- 1) As a result of the Authority’s Firm Power and Energy Withdrawal/Termination, the amount of Firm Hydroelectric Power and Energy allocated to Company under ST No. 41 is zero (0), and the Firm Peaking Power allocation of 175 MW under ST No. 42 will remain unchanged.
- 2) Article E - Rates. The current text is deleted in its entirety and is replaced with the following text.

“The rates charged by the Authority under this Agreement shall be established in accordance with this Article.

- A. Project Power and Energy provided by the Authority from the Project shall be sold to the Customer at cost-based rates consistent with the NRA and the FERC License, and at the “lowest rates reasonably possible” as referred to in the NRA, § 836(b)(1) and at the “lowest possible price” as referred to in the N.Y. Public Authorities Law (“PAL”) § 1005(5). The Authority shall charge and the Customer shall pay the preference power rates as adopted by the Authority’s Trustees, as revised from time to time at the discretion of the Authority’s Trustees, exercised in accordance with the terms and conditions of this Agreement. During the Term of this Agreement, the Customer will not object to rates that apply the following Cost of Service (“CoS”) provisions (“Principles and Methodologies”):

- (i) Recovery of the “cost of generation, plus capital and operating charges,” or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Niagara Power Project and St. Lawrence-FDR Power Project (“Hydro Projects”) for ratemaking purposes;
- (iii) The use of Authority’s ‘labor/labor’ method (i.e. labor ratios) for allocation of Administrative and General (“A&G”) costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority’s capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority’s actual long-term debt rate as published annually in the Authority’s Consolidated Financial Statements report;
 - (b) The Authority’s rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority’s depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority’s broad discretion and in accordance with the Authority’s obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority’s existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;
- (vii) Use of the Rate Stabilization Reserve (“RSR”) for the tracking of any under-collection or over-collection of the Authority’s CoS developed for the Hydro Projects;

- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity (“UCAP”) and Ancillary Services revenues;
 - (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
 - (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
 - (xi) The RSR reconciliations will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average “Rest of State” UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - (b) Authority’s A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - (c) Authority’s Operation & Maintenance (“O&M”) expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.
 - (d) Authority’s actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.
- B. In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer or the Customer’s Authorized Recipient shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of

the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article shall limit the Authority and Customer or Customer's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.

- 3) Article F - Transmission. The current text is deleted in its entirety and is replaced with the following text.

“In accordance with the terms of the existing transmission service agreement, which by its terms will expire on August 31, 2007, Company will cease taking transmission service from Authority and will instead take transmission service under the New York Independent System Operator's (“NYISO”) Open Access Transmission Tariff. Company agrees to settle any outstanding transmission charges that may apply prior to September 1, 2007 including any subsequent NYISO true up settlements.”

- 4) Article G - Notification. In the contact address for Authority replace “10 Columbus Circle, New York, NY 10019” with “123 Main Street, White Plains, NY 10601”.

- 5) Article K - Restoration of Withdrawn Power and/or Energy is deleted in its entirety.

- 6) Article L - Term of Service, is revised to read as follows:

“Service under this contract shall commence at 12:01 A.M. on January 1, 1990 and shall continue unless cancelled as provided for In the “Withdrawals of Power and/or Energy” or the “Cancellation or Reduction” provisions until December 31, 2026, subject to earlier termination by the Authority at any time with respect to any or all of the quantities of power and energy provided hereunder on at least thirty (30) days’ prior written notice to Company.”

- 7) Article M - Availability of Energy - Firm and Firm Peaking Hydroelectric Power Service. In the third paragraph, line 1, starting with the words “In the event that...” through “... minimize the impact of such reductions.” on line 10, replace with the following:

“The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Company under Service Tariff No. 42 if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority's Niagara Project hydroelectric generating station. In the event that hydrologic conditions require the Authority to reduce the amount of energy provided to Company, reductions as a percentage of the otherwise required, energy deliveries will be the same for all firm Niagara Project customers. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Company in later billing periods. The offer of Energy for delivery shall fulfill the Authority's obligations for purposes of this Provision whether or not the Energy is taken by the Company. The Authority shall provide reasonable notice to Company of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected

customers.”

- 8) This amendment shall be referred to as the “2025 Amendment to the 1990 Service Agreement”.
- 9) Continuation of service under this 2025 Amendment to the 1990 Service Agreement shall be subject to approval of this 2025 Amendment to the 1990 Service Agreement by the Governor of the State of New York pursuant to Public Authorities Law § 1009. If the Governor disapproves this 2025 Amendment to the 1990 Service Agreement, service will cease on the last day of the month following the month during which the Governor disapproved this 2025 Amendment to the 1990 Service Agreement. If the Governor takes no action within the time frame provided for in Public Authorities Law § 1009, service will cease on the last day of the month following the month during which such timeframe expired.
- 10) Except as expressly provided in this 2025 Amendment to the 1990 Service Agreement, the 1990 Service Agreement shall remain unchanged and in full force and effect.
- 11) This 2025 Amendment to the 1990 Service Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts and to be performed in such state, without regard to conflict of laws principles.
- 12) This 2025 Amendment to the 1990 Service Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.
- 13) Upon approval of the Governor of the State of New York pursuant to Public Authorities Law § 1009, and upon execution by the Chairman of the Authority, this 2025 Amendment to the 1990 Service Agreement shall come into full force and effect, provided however that pending such gubernatorial approval and execution, this 2025 Amendment to the 1990 Service Agreement shall take effect upon the expiration of the 2024 Agreement and continue on a month to month basis.
- 14) This 2025 Amendment to the 1990 Service Agreement may be amended or modified by written agreement signed by the Authority and the Company.

AGREED:

Niagara Mohawk Power Corporation, d/b/a National Grid

By: _____

Name: _____

Title: _____

Date: _____

Power Authority of the State of New York

By: _____

Name: John R. Koelmel

Title: Chairman

Date: _____



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

Date of Issue: May 1, 2017

Date Effective: May 2017 Bill Period

Issued by Keith T. Hayes, Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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Date of Issue: May 1, 2017

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Issued by Keith T. Hayes, Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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.

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- 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.

Date of Issue: May 1, 2017

Date Effective: May 2017 Bill Period

Issued by Keith T. Hayes, Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2019	4.07	4.92
5/1/2019 through 4/30/2020	4.07	4.92

Service past December 2012 is subject to renewal of Authority's contractual obligation to sell Firm Peaking Hydroelectric Power and Energy to Customer.

The demand and energy rates set forth above shall apply at the Project switchyard.

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).

2025 Amendment to 1990 Hydropower Contract

This 2025 Amendment to the 1990 Hydropower Contract, dated this ___ day of December, 2025 is made between New York State Electric & Gas Corporation (“Company”) and the Power Authority of the State of New York (“Authority”).

WHEREAS, the Company and the Authority are parties to an agreement dated February 22, 1989 under which the Authority sells certain quantities of hydroelectric power and energy from Authority’s Niagara and St. Lawrence Projects to Company for resale to its rural and residential consumers (the “1990 Hydropower Contract”).

WHEREAS, Authority, Rochester Gas and Electric Corporation (“RGE”) and Company are also parties to a letter agreement dated February 14, 2008, which modified Article D - Regulation of Rates and Charges as it pertained to the calculation of the monthly savings realized by the customers of Company and RGE from the purchase of Authority hydropower.

WHEREAS, Company and Authority have previously modified and extended the 1990 Hydropower Contract, most recently by the “2024 Amendment to 1990 Hydropower Contract” (the “2024 Amendment”).

WHEREAS, by letter dated June 29, 2011, Authority withdrew all 167 MW of Firm Hydroelectric Power and Energy allocated under Service Tariff No. 41 and terminated service under the 1990 Hydropower Contract with respect to all 167 MW of Firm Hydroelectric Power and Energy, effective August 1, 2011, for use in the Recharge New York Power Program created pursuant to Chapter 60 (Part CC) of the Laws of 2011 (the “Firm Power and Energy Withdrawal/Termination”).

WHEREAS, Company and Authority agree to further modify and extend certain terms of 1990 Hydropower Contract as follows:

- 1) As a result of the Authority’s Firm Power and Energy Withdrawal/Termination, the amount of Firm Hydroelectric Power and Energy allocated to Company under Service Tariff No. 41 is zero (0). The Firm Peaking Power allocation of 150 MW under Service Tariff No. 42 will remain unchanged.
- 2) Article E - Rates. The current text is deleted in its entirety and is replaced with the following text.

“The rates charged by the Authority under this Agreement shall be established in accordance with this Article.

- A. Project Power and Energy provided by the Authority from the Project shall be sold to the Customer at cost-based rates consistent with the NRA and the FERC License, and at the “lowest rates reasonably possible” as referred to in the NRA, § 836(b)(1) and at the “lowest possible price” as referred to in the N.Y. Public Authorities Law (“PAL”) § 1005(5). The Authority shall charge and the Customer shall pay the preference power rates as adopted by the Authority’s Trustees, as revised from time to time at the discretion of the Authority’s Trustees, exercised in accordance with the terms and conditions of

this Agreement. During the Term of this Agreement, the Customer will not object to rates that apply the following Cost of Service (“CoS”) provisions (“Principles and Methodologies”):

- (i) Recovery of the “cost of generation, plus capital and operating charges,” or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Hydro Projects for ratemaking purposes;
- (iii) The use of Authority’s ‘labor/labor’ method (i.e. labor ratios) for allocation of Administrative and General (“A&G”) costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority’s capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority’s actual long-term debt rate as published annually in the Authority’s Consolidated Financial Statements report;
 - (b) The Authority’s rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority’s depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority’s broad discretion and in accordance with the Authority’s obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority’s existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;
- (vii) Use of the Rate Stabilization Reserve (“RSR”) for the tracking of any under-collection or over-collection of the Authority’s CoS developed for the Hydro Projects, as described in Appendix B;

- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity (“UCAP”) and Ancillary Services revenues;
 - (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
 - (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
 - (xi) The RSR reconciliations, as set forth in Appendix B, will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average “Rest of State” UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - (b) Authority’s A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - (c) Authority’s Operation & Maintenance (“O&M”) expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.
 - (d) Authority’s actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.
- B. In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer or the Customer’s Authorized Recipient shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of

the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article shall limit the Authority and Customer or Customer's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.

- 3) Article F - Transmission. The current text is deleted in its entirety and is replaced with the following text.

"In accordance with the terms of the existing transmission Hydropower Contract, which by its terms will expire on August 31, 2007, Company will cease taking transmission service from Authority and will instead take transmission service under the New York Independent System Operator's ("NYISO") Open Access Transmission Tariff. Company agrees to settle any outstanding transmission charges that may apply prior to September 1, 2007 including any subsequent NYISO true up settlements."

- 4) Article G - Notification. In the contact address for Authority replace "10 Columbus Circle, New York, NY 10019" with "123 Main Street, White Plains, NY 10601". For Company, delete the current reference in its entirety and replace with the following "Patrick W. Fox, Senior Director, NY Energy Services, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, 18 Link Drive, P.O. Box 5224, Binghamton, New York 13902-5224".

- 5) Article K - Restoration of Withdrawn Power and/or Energy is deleted in its entirety.

- 6) Article L - Term of Service, is revised to read as follows:

"Service under this contract shall commence at 12:01 A.M. on January 1, 1990 and shall continue unless cancelled as provided for in the "Withdrawals of Power and/or Energy" or the "Cancellation or Reduction" provisions until December 31, 2026, subject to earlier termination by the Authority at any time with respect to any or all of the quantities of power and energy provided hereunder on at least thirty (30) days' prior written notice to Company."

- 7) Article M - Availability of Energy - Firm and Firm Peaking Hydroelectric Power Service. In the third paragraph, line 1, starting with the words "In the event that..." through "... minimize the impact of such reductions." on line 10, replace with the following:

"The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Company under Service Tariff No. 42 if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority's Niagara Project hydroelectric generating station. In the event that hydrologic conditions require the Authority to reduce the amount of energy provided to the Company, reductions as a percentage of the otherwise required, energy deliveries will be the same for all firm Niagara Project customers. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Company in later billing periods. The offer of Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Energy is

taken by the Company. The Authority shall provide reasonable notice to the Company of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers.”

- 8) This amendment shall be referred to as the “2025 Amendment to the 1990 Hydropower Contract”.
- 9) Continuation of service under this 2025 Amendment to the 1990 Hydropower Contract shall be subject to approval of this 2025 Amendment to the 1990 Hydropower Contract by the Governor of the State of New York pursuant to Public Authorities Law § 1009. If the Governor disapproves this 2025 Amendment to the 1990 Hydropower Contract, service will cease on the last day of the month following the month during which the Governor disapproved this 2025 Amendment to the 1990 Hydropower Contract. If the Governor takes no action within the time frame provided for in Public Authorities Law § 1009, service will cease on the last day of the month following the month during which such timeframe expired.
- 10) Except as expressly provided in this 2025 Amendment to the 1990 Hydropower Contract, the 1990 Hydropower Contract shall remain unchanged and in full force and effect.
- 11) This 2025 Amendment to the 1990 Hydropower Contract shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts and to be performed in such state, without regard to conflict of laws principles.
- 12) This 2025 Amendment to the 1990 Hydropower Contract may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.
- 13) Upon approval of the Governor of the State of New York pursuant to Public Authorities Law § 1009, and upon execution by the Chairman of the Authority, this 2025 Amendment to the 1990 Hydropower Contract shall come into full force and effect, provided however that pending such gubernatorial approval and execution, this 2025 Amendment to the 1990 Hydropower Contract shall take effect upon the expiration of the 2024 Amendment and continue on a month to month basis.
- 14) This 2025 Amendment to the 1990 Hydropower Contract may be amended or modified by a written agreement signed by the Authority and the Company.

AGREED:

New York State Electric & Gas Corporation

By: _____
Name: Andrea VanLuling
Title: Controller
Date: _____

By: _____
Name: Patricia Nilsen
Title: Chief Executive Officer
Date: _____

Power Authority of the State of New York

ACCEPTED:

By: _____
Name: John R. Koelmel
Title: Chairman
Date: _____



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

Date of Issue: May 1, 2017

Date Effective: May 2017 Bill Period

Issued by Keith T. Hayes, Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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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.

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- 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.

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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
5/1/2013 through 4/30/2014	3.91	4.92
5/1/2014 through 4/30/2019	4.07	4.92
5/1/2019 through 4/30/2020	4.07	4.92

Service past December 2012 is subject to renewal of Authority's contractual obligation to sell Firm Peaking Hydroelectric Power and Energy to Customer.

The demand and energy rates set forth above shall apply at the Project switchyard.

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).

2025 Amendment to 1990 Hydropower Contract

This 2025 Amendment to the 1990 Hydropower Contract, dated this ____ day of December, 2025 is made between Rochester Gas and Electric Corporation (“Company”) and the Power Authority of the State of New York (“Authority”).

WHEREAS, the Company and the Authority are parties to an agreement dated February 22, 1989 under which the Authority sells certain quantities of hydroelectric power and energy from Authority’s Niagara and St. Lawrence Projects to Company for resale to its rural and residential consumers (the “1990 Hydropower Contract”).

WHEREAS, Authority, New York State Electric & Gas Corporation (“NYSEG”) and Company are also parties to a letter agreement dated February 14, 2008 which modified Article D - Regulation of Rates and Charges as it pertained to the calculation of the monthly savings realized by the customers of Company and NYSEG from the purchase of Authority hydropower.

WHEREAS, Company and Authority have previously modified and extended the 1990 Hydropower Contract, most recently by the “2024 Amendment to 1990 Hydropower Contract” (the “2024 Amendment”).

WHEREAS, by letter dated June 29, 2011, Authority withdrew all 99 MW of Firm Hydroelectric Power and Energy allocated under Service Tariff No. 41 and terminated service under the 1990 Hydropower Contract with respect to all 99 MW of Firm Hydroelectric Power and Energy, effective August 1, 2011, for use in the Recharge New York Power Program created pursuant to Chapter 60 (Part CC) of the Laws of 2011 (the “Firm Power and Energy Withdrawal/Termination”).

WHEREAS, Company and Authority agree to further modify and extend certain terms of 1990 Hydropower Contract as follows:

- 1) As a result of the Authority’s Firm Power and Energy Withdrawal/Termination, the amount of Firm Hydroelectric Power and Energy allocated to Company under Service Tariff No. 41 is zero (0). The Firm Peaking Power allocation of 35 MW under Service Tariff No. 42 will remain unchanged.
- 2) Article E - Rates. The current text is deleted in its entirety and is replaced with the following text.

“The rates charged by the Authority under this Agreement shall be established in accordance with this Article.

- A. Project Power and Energy provided by the Authority from the Project shall be sold to the Customer at cost-based rates consistent with the NRA and the FERC License, and at the “lowest rates reasonably possible” as referred to in the NRA, § 836(b)(1) and at the “lowest possible price” as referred to in the N.Y. Public Authorities Law (“PAL”) § 1005(5). The Authority shall charge and the Customer shall pay the preference power rates as adopted by the Authority’s Trustees, as revised from time to time at the discretion of the Authority’s Trustees, exercised in accordance with the terms and conditions of

this Agreement. During the Term of this Agreement, the Customer will not object to rates that apply the following Cost of Service (“CoS”) provisions (“Principles and Methodologies”):

- (i) Recovery of the “cost of generation, plus capital and operating charges,” or any other charge permitted under PAL § 1005(5);
- (ii) The melding of the costs of the Niagara Power Project and St. Lawrence-FDR Power Project (“Hydro Projects”) for ratemaking purposes;
- (iii) The use of Authority’s ‘labor/labor’ method (i.e. labor ratios) for allocation of Administrative and General (“A&G”) costs;
- (iv) Recovery of capital costs and depreciation expense, as defined below.
 - (a) The Authority’s capital costs are defined as rate base (defined in subparagraph (iv)(b) below) times the Authority’s actual long-term debt rate as published annually in the Authority’s Consolidated Financial Statements report;
 - (b) The Authority’s rate base will be comprised of net plant balances, (net of accumulated depreciation), for the following: Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant, plus applicable prepayments, materials & supplies and cash working capital (labor ratio allocators applied to all allocable costs);
 - (c) The Authority will recover depreciation expense for plant in service, including Project production and allocated general plant, St. Lawrence-FDR Project production and allocated general plant, Headquarters allocated general plant, and Clark Energy Center allocated general plant. Depreciation expense shall not include an adjustment for inflation and shall be calculated using generally accepted accounting principles, consistent with the Authority’s depreciation studies performed by outside experts and as adopted by the Authority from time to time following any applicable regulatory approvals;
- (v) Continued recovery of all prudent Hydro Project relicensing costs in the exercise of the Authority’s broad discretion and in accordance with the Authority’s obligations under its FERC licenses for the Hydro Projects;
- (vi) Continuation of Authority’s existing practice of retaining excess revenues from the sale of hydroelectric energy from the Hydro Projects after the preference power rate is set;
- (vii) Use of the Rate Stabilization Reserve (“RSR”) for the tracking of any under-collection or over-collection of the Authority’s CoS developed for the Hydro Projects;

- (viii) In developing preference power rates, Authority to include crediting to the CoS the Hydro Project revenues from the projected sales of excess Unforced Capacity (“UCAP”) and Ancillary Services revenues;
 - (ix) The use of a five-year historical average of actual generation levels of the Hydro Projects in the development of preference power rates. RSR calculations made each year will use the annual generation level;
 - (x) Elimination of the ReCharge NY Program normalization in the preference power rate development; and
 - (xi) The RSR reconciliations will be subject to the following:
 - (a) Excess UCAP not needed to meet firm demands of customers served from the Hydro Projects will be credited to preference customers on a pro-rata basis in the RSR reconciliation based on the sale of such UCAP in the NYISO capacity auctions. To the extent excess UCAP is used by Authority to make bilateral transactions, preference customers shall be credited on a pro-rata basis in the RSR reconciliation based on the assumption that such quantity of excess UCAP is sold at the NYISO monthly average “Rest of State” UCAP auction prices in the wholesale market, weighted at 1/3 for the Strip auction price, 1/3 for the Monthly auction price, and 1/3 for the Spot auction price.
 - (b) Authority’s A&G expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will use a 2023 base year of \$212,665,707 of actual expenses, escalated 4% annually through 2031, but such A&G expenses will not be subject to reconciliation to actual A&G in annual RSR calculations, except for reconciliation based on annual updates to the labor ratio. After March 31, 2031, A&G expense reconciliation will be determined in a subsequent preference power rate plan.
 - (c) Authority’s Operation & Maintenance (“O&M”) expenses collected in preference rates commencing April 1, 2026 through March 31, 2031 will be based on budgeted projections. For the annual RSR calculations, these O&M expenses will not be subject to reconciliation. Any direct O&M related to emergent work (identified through specific project coding) at the Hydro Projects will be subject to reconciliation through the RSR. After March 31, 2031, O&M expense reconciliation will be determined in a subsequent preference power rate plan.
 - (d) Authority’s actual Ancillary Service revenues from the Hydro Projects will be credited to the CoS on a pro-rata basis.
- B. In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Customer or the Customer’s Authorized Recipient shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of

the remaining methodologies and principles that continue to be employed by the Authority. Notwithstanding the foregoing, nothing in this Article shall limit the Authority and Customer or Customer's Authorized Recipient from entering into good faith negotiations to change the above methodologies and principles.

- 3) Article F - Transmission. The current text is deleted in its entirety and is replaced with the following text.

“In accordance with the terms of the existing transmission Hydropower Contract, which by its terms will expire on August 31, 2007, Company will cease taking transmission service from Authority and will instead take transmission service under the New York Independent System Operator's (“NYISO”) Open Access Transmission Tariff. Company agrees to settle any outstanding transmission charges that may apply prior to September 1, 2007 including any subsequent NYISO true up settlements.”

- 4) Article G - Notification. In the contact address for Authority replace “10 Columbus Circle, New York, NY 10019” with “123 Main Street, White Plains, NY 10601”. For Company, delete the current reference in its entirety and replace with the following “Patrick W. Fox, Senior Director, NY Energy Services, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, 18 Link Drive, P.O. Box 5224, Binghamton, New York 13902-5224”.

- 5) Article K - Restoration of Withdrawn Power and/or Energy is deleted in its entirety.

- 6) Article L - Term of Service, is revised to read as follows:

“Service under this contract shall commence at 12:01 A.M. on January 1, 1990 and shall continue unless cancelled as provided for In the “Withdrawals of Power and/or Energy” or the “Cancellation or Reduction” provisions until December 31, 2026, subject to earlier termination by the Authority at any time with respect to any or all of the quantities of power and energy provided hereunder on at least thirty (30) days’ prior written notice to Company.”

- 7) Article M - Availability of Energy - Firm and Firm Peaking Hydroelectric Power Service. In the third paragraph, line 1, starting with the words “In the event that...” through “... minimize the impact of such reductions.” on line 10, replace with the following:

“The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Company under Service Tariff No. 42 if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority's Niagara Project hydroelectric generating station. In the event that hydrologic conditions require the Authority to reduce the amount of energy provided to the Company, reductions as a percentage of the otherwise required, energy deliveries will be the same for all firm Niagara Project customers. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Company in later billing periods. The offer of Energy for delivery shall fulfill the

Authority's obligations for the purposes of this Provision whether or not the Energy is taken by the Company. The Authority shall provide reasonable notice to Company of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers."

- 8) This amendment shall be referred to as the "2025 Amendment to the 1990 Hydropower Contract".
- 9) Continuation of service under this 2025 Amendment to the 1990 Hydropower Contract shall be subject to approval of this 2025 Amendment to the 1990 Hydropower Contract by the Governor of the State of New York pursuant to Public Authorities Law § 1009. If the Governor disapproves this 2025 Amendment to the 1990 Hydropower Contract, service will cease on the last day of the month following the month during which the Governor disapproved this 2025 Amendment to the 1990 Hydropower Contract. If the Governor takes no action within the time frame provided for in Public Authorities Law § 1009, service will cease on the last day of the month following the month during which such timeframe expired.
- 10) Except as expressly provided in this 2025 Amendment to the 1990 Hydropower Contract, the 1990 Hydropower Contract shall remain unchanged and in full force and effect.
- 11) This 2025 Amendment to the 1990 Hydropower Contract shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts and to be performed in such state, without regard to conflict of laws principles.
- 12) This 2025 Amendment to the 1990 Hydropower Contract may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.
- 13) Upon approval of the Governor of the State of New York pursuant to Public Authorities Law § 1009, and upon execution by the Chairman of the Authority, this 2025 Amendment to the 1990 Hydropower Contract shall come into full force and effect, provided however that pending such gubernatorial approval and execution, this 2025 Amendment to the 1990 Hydropower Contract shall take effect upon the expiration of the 2024 Amendment and continue on a month to month basis.
- 14) This 2025 Amendment to the 1990 Hydropower Contract may be amended or modified by a written agreement signed by the Authority and the Company.

AGREED:

Rochester Gas and Electric Corporation

By: _____
Name: Andrea VanLuling
Title: Controller
Date: _____

By: _____
Name: Patricia Nilsen
Title: Chief Executive Officer
Date: _____

Power Authority of the State of New York

ACCEPTED:

By: _____
Name: John R. Koelmel
Title: Chairman
Date: _____



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
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E. The term “Firm Hydroelectric Peaking Energy” means energy (kWh) associated with Firm Hydroelectric Peaking Power.

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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.

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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).



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY TRUSTEES AND NEW YORK STATE CANAL CORPORATION BOARD OF DIRECTORS

From: PRESIDENT & CHIEF EXECUTIVE OFFICER

Subject: Procurement (Services) and Other Contracts –
Business Units and Facilities –
Awards, Extensions and/or Additional Funding

SUMMARY

The New York Power Authority Trustees ("Trustees") and New York State Canal Corporation Board of Directors ("Board of Directors") are requested to approve, as applicable, the award and funding of the multiyear procurement (services) contracts in support of projects and programs for the Authority's and Canal Corporation's Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including the nature of such services, the basis for the new awards if other than to the lowest-priced, lowest total cost of ownership or "best valued" bidders and the intended duration of such contracts, or the reasons for the extension and the projected expiration dates, are set forth in the discussion below.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's and Canal Corporation's Guidelines for Procurement Contracts require Authority Trustee and Canal Board approval for procurement contracts involving services to be rendered for a period more than one year.

The Authority's and Canal Corporation's Expenditure Authorization Procedures ("EAPs") require Trustee and Board approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts more than \$10 million, as well as personal services contracts more than \$10 million if low bidder or best value, or \$1 million if sole-source, single-source, or other non-competitive awards.

The Authority's and Canal Corporation's EAPs also require Trustee and Board approval when the cumulative change order value of a personal services contract exceeds \$500,000, or when the cumulative change order value of a non-personal services, construction, equipment purchase, or non-procurement contract exceeds the greater of \$6 million or 25% of the originally approved contract amount.

DISCUSSION

Awards

The Trustees and Board are requested to approve the award and funding of the multiyear procurement (services) contracts, as applicable, where the EAPs require approval based upon contract value or the terms of the contracts will be more than one year. Except as noted, these contracts contain provisions allowing the Authority and Canal Corporation to terminate the services for the Authority's and Canal Corporation's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested to fund all contracts. Except as noted, these contract awards do not obligate the Authority and Canal Corporation to a specific level of personnel resources or expenditure.

The issuance of multiyear contracts is recommended from both cost and efficiency standpoints. In many cases, reduced prices are negotiated for these long-term contracts. Since these services are typically required on a continuous basis, it is more efficient to award long-term contracts than to rebid these services annually.

Extensions

Although the firms identified have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. Trustee and Board approval is required, as applicable, because the terms of these contracts will exceed one year including the extension, the term of extension of these contracts will exceed one year and/or because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming change orders. The subject contracts contain provisions allowing the Authority and Canal Corporation to terminate the services at the Authority's and Canal Corporation convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority and Canal Corporation to a specific level of personnel resources or expenditures.

Extension of the contracts identified is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority and Canal Corporation or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical or (4) the contractor provides proprietary technology or specialized equipment, at reasonable negotiated rates, that the Authority and Canal Corporation needs to continue until a permanent system is put in place.

The following is a detailed summary of each recommended contract award and extension.

Authority Contract Awards in Support of Business Units/Departments and Facilities:

Legal Affairs - Human Resources

The proposed personal services contract with the below vendor would provide for 457 Deferred Comp and 401k Savings Plan Audit services. This award is a five-year term for an amount of \$200,000. The Authority established an Employees' Savings Plan (a governmental 401(k) plan) for its management employees effective July 1, 1985. The Retirement Committee may request an annually prepared financial statement of net assets available for benefits in accordance with GASB Statement 32 and to have those financial statements audited by a certified public accountant. In 1989, the Authority established a Deferred Compensation Plan ("Plan") for the benefit of its employees in accordance with Section 457 of the Internal Revenue Code and Section 5 of the State Finance Law of the State of New York. In accordance with Section 9005.1 of the rules and regulations (the "Regulations") of the New York State Deferred Compensation Board ("Board"), the Plan is required to annually prepare a financial statement of net assets available for benefits in accordance with GASB Statement 32 and to have those financial statements audited by a certified public accountant. The Authority requires a Certified Public Accountant with experience in both 457 and 401(k) plans to audit the Authority's 457 Deferred Compensation Plan annually and 401(k) Employee Savings Plan every other year. The Request for Proposals Q25-7648JW was advertised in the New York State procurement newsletter and on the Authority's website. Nine entities were invited to, or expressed interest in, the Ariba event. Two proposals were received via Ariba and were evaluated. Staff recommends the award of a contract to the below vendor which is technically and commercially qualified.

Vendor Name	Status
RDG + Partners CPAs, PLLC	

Operations - Central Support Services

The proposed personal services contracts with the below vendors would provide RSC Consulting Services. This award is a five-year term for an aggregate amount of \$6,000,000. The Reliability Standards and Compliance (RSC) group is responsible for the maintenance and implementation of Authority's program to ensure compliance with NERC Reliability Standards as well as NPCC Directories for Authority's NERC Functional Registrations. RSC evaluates the existing business processes impacting the Authority's compliance posture and develops process improvements to strengthen the Authority's operational and compliance controls. RSC initiates and executes internal improvement plans to mitigate any identified gaps or risk areas. The Authority has implemented the NERC Reliability Standards and Requirements as a baseline for its operational processes and strives to implement practices that exceed those necessary to meet compliance. These vendors offer expertise in advising the best practices, technology integration, risk management, and internal controls. The Request for Proposals Q25-7674SS was advertised in the New York State procurement newsletter and on the Authority's website. Thirty-four entities were invited to, or expressed interest in, the Ariba event. Sixteen proposals were received via Ariba and were evaluated. Staff recommends the award of five contracts to the below vendors which are technically and commercially qualified.

Vendor Name	Status
AtkinsRealis New York Ltd	
Deloitte & Touche LLP	
Guidehouse Inc.	
POWER-tek-USA-LLC	
TRC Engineers Inc	

Operations - Customer Solutions

The proposed personal services contracts with the below vendors would provide Independent Petroleum Inspection Services. This award is a three-year term for an aggregate amount of \$500,000. The Authority has the need for independent petroleum inspection and other related services in connection with the delivery, transfer, and storage of ultralow sulfur diesel oil within the New York harbor and Long Island areas. Such services include, but are not limited to, the inspection, measurement and testing of bulk oil deliveries, performance of laboratory tests to determine oil quality, and to produce certificates verifying both the quality and quantity of oil delivered in any particular shipment or pipeline transfer made via barge, tanker, pipeline or truck to the Authority's electric generating stations and/or oil storage facilities situated within the aforementioned areas for the Richard M. Flynn tank and dock, Zeltman (500 MW) tank and dock and Astoria Energy II power tank and dock. The Request for Proposals Q25-7670EE was advertised in the New York State procurement newsletter and on the Authority's website. Ten entities were invited to, or expressed interest in, the Ariba event. Four proposals were received via Ariba and were evaluated. Staff recommends the award of three contracts to the below vendors which are technically and commercially qualified.

Vendor Name	Status
AmSpec, LLC	
Camin Cargo Control, Inc	
Product Quality Management, LLC dba Atlantic Product Services	

Operations - Power Generation & Waterways

The proposed non-personal services contract with the below vendor would provide Confined Space and Fall Hazard Rescue services. This award is a three-year term for an amount of \$150,000. In an effort to adhere to fall protection/retrieval and confined space entry procedures at the Niagara Power Project, a technical

rescue team with expertise in the field of retrieval systems in spaces that are considered non-typical is required.. OSHA requires a rescue team that adhere to OSHA 1910.146 "Rescue Team or Rescue Service Evaluation Criteria". The Request for Proposals N25-20218203TSK was advertised in the New York State procurement newsletter and on the Authority's website. Thirty-seven entities were invited to, or expressed interest in, the Ariba event. Two proposals were received via Ariba and were evaluated. Staff recommends the award of a contract to the below vendor which is technically and commercially qualified.

Vendor Name	Status
JLN Associates, LLC	

Operations - Power Generation & Waterways

The proposed sole-source non-personal services contract with the below vendor would provide EX2100e Technical Support services. This award is a three-year term for an amount of \$132,000. Excitation systems are crucial for maintaining the stability and reliability of power generation systems. These systems control the voltage and reactive power output of generators, which is essential for the stable operation of the electrical grid. Niagara's Lewiston Pump Generating Plant & Blenheim-Gilboa's Pumped Storage Power Station have a need for technical support for the existing General Electric EX2100e generator control systems. Technical support ensures that these systems function correctly, minimizing the risk of power outages and instability. Technical support also helps in fine-tuning of excitation systems to optimize their performance, including adjustment of control settings, updating of software, and implementation of latest technologies to enhance efficiency and responsiveness, leading to better overall performance of the equipment. The proposed vendor is a subsidiary of General Electric and is the only authorized service provider for General Electric excitation systems. Their expansive database of technical documentation and global support systems ensures the vendor can respond to arising issues. Staff recommends the award of a contract to the below vendor which is technically and commercially qualified.

Vendor Name	Status
Nexus Controls LLC	

Operations - Power Generation & Waterways

The proposed sole-source non-personal services contract with the below vendor would provide NPP 13.8KV Digital System Support. This award is a three-year term for an amount of \$150,000. Niagara Power Project (NPP) under the Transmission Life Extension Modernization (TLEM) program completed the upgrade and digitalization of Niagara's 13.8kV switchgear systems. These systems were designed, installed and configured by Eaton and require Eaton's software support services for regular maintenance activities. Additionally, when required, the services include Tier III support and emergency off-hours support. As the original equipment manufacturer (OEM), Eaton is the only vendor authorized to perform these required services. Staff recommends the award of a contract to the below vendor which is technically and commercially qualified.

Vendor Name	Status
Eaton Corporation	

Operations - Project Delivery

The proposed personal services contracts with the below vendors would provide Special Inspections. This award is a five-year term for an aggregate amount of \$7,500,000. In order to comply with local building code requirements on projects implemented at Customer sites, the Authority requires the services of consultants to perform required special inspection services. These services are essential for meeting code compliance requirements according to NYC and NYS Building Codes, as well as quality control and quality

assurance (QA/QC) on the Authority's projects. The services requirements are stipulated in the respective NYC and NYS Building Code. The project's Design Engineer of Record (EOR) must specify special inspection requirements when filing the project(s) with the regulatory agency for approval and applying for permits, based on the design criteria of respective projects. In addition to special inspection services, testing and calibration laboratories approved by New York City Department of Building (NYCDOB) and accredited by the International Accreditation Services, LLC (IAS), (ICC) or an equivalent accreditation agency accrediting to ASTM E329-07 International Standards are required to support these projects. The Authority Customer Project Delivery expects to significantly expand usage of this contract suite over the next five years. This additional need supports the request to expand on the current suite of contracts as well as the increase in requested funding. The Request for Proposals Q25-7639CC was advertised in the New York State procurement newsletter and on the Authority's website. Thirty-six entities were invited to, or expressed interest in, the Ariba event. Sixteen proposals were received via Ariba and were evaluated. Staff recommends the award of eight contracts to the below vendors which are technically and commercially qualified.

Vendor Name	Status
20-20 Inspections Inc	
JOADEM Corporation	MBE
MP Engineers and Architects, P.C.	MBE
Municipal Testing Laboratory, Inc.	
Socotec Engineering Inc.	
Tectonic Engineering Consultants, Geologists & Land Surveyors, D.P.C.	
Twin Peaks, Incorporated	
Universal Testing & Inspection Services, Inc.	

Authority and Canal Contract Awards in Support of Business Units/Departments and Facilities:

None

Canal Contract Awards in Support of Business Units/Departments and Facilities:

None

Authority Extensions and/or Additional Funding Requests:

Operations - Central Support Services

In October 2024, the Authority issued a one-year single-source non-personal services contract with the vendor listed below in the amount of \$75,373 for WPO Xerox Machine Maintenance. Xerox Corporation is the only organization that can provide original parts and service to the Authority's digital press and other key devices, without voiding the existing warranty. Xerox Corporation also supports the associated software and licenses that are necessary for production and compliance. In preparation for the Authority's White Plains Office relocation to a new commercial building, it is requested that this contract term be extended. This will allow for uninterrupted service and the development of a procurement strategy for future equipment purchases. Staff requests Trustee Approval for the extension of the contract below through June 1, 2028, and additional funding in the amount of \$300,000.

Vendor Name	PO/VC	Status
Xerox Corporation	4500371931	

Operations - Central Support Services

On January 25, 2018, the Authority issued one-year, personal services contracts with the vendors below, in the aggregate amount of \$92,865 for BG Hurricane Irene Board of Consultants (BOC). On December 11, 2018 the Authority approved the extension of the subject contracts to support the revised schedule through December 31, 2021, as well as additional funding of \$300,000, thereby increasing the approved total contract value for all three contracts to \$392,885. On December 6, 2021 a grace period extension was requested through December 31, 2022. On December 13, 2022 the Authority approved a three-year extension through December 31, 2025. The Authority was required to hire Independent Board of Consultants (BOC) for the re-analysis of the previously approved Site-Specific Probable Maximum Precipitation (PMP) and Site-Specific Probable Maximum Flood (PMF) studies for the Blenheim-Gilboa Pumped Storage Project by FERC. The BOC acts as an independent oversight body to review the PMP/PMF re-analysis process and results. The BOC participates in meetings with the Authority, the engineering consultant and FERC, and reviews two reports prepared by the engineering consultant. One report discusses the effects of including adjusted Hurricane Irene Depth-Area and Depth Duration data with other adjusted storm data on the 2008 PMP analysis results. The second report documents the new analysis and results, which supports either the original PMP/PMF results or provides updated values where indicated. The BOC report details their involvement in the re-analysis process and concurrence in the methodology and results. The FERC approved BOC members possess specialized expertise needed to assess the impacts of Hurricane Irene on the site-specific PMP/PMF. Acceptable alternate, FERC approved experts are not readily available. The re-analysis is needed to satisfy current compliance regulations and the regulatory reviews of the interim reports to finalize the PMP and PMF studies and requires the request for approval of the extension of these consulting contracts for an additional 24 months. Staff requests Trustee approval for the extensions of the contracts below for December 31, 2027. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
Barry D. Keim dba Keim Consulting LLC	4500294703	
George A. Harper dba GAH Consulting LLC	4500293855	
RJ Associates LLC	4500293858	

Operations - Central Support Services

At their meetings in September 2017 and October 2018, Trustees collectively approved the award of twenty personal services contracts in the amount of \$50,000,000 for Digital Utility Strategic Partnerships under Inquiry No. Q17-6236MH and Inquiry No. Q18-6470MB, the terms of which were to expire in October 2022. In 2020 and 2021, term extensions and funding increases were approved resulting in an expiration date of December 2025 and aggregate funding of \$75 million. The purpose of the Digital Utilities Strategic Partnership initiative was to award contracts to a number of qualified suppliers to assist the Authority with our digitization efforts across multiple departments and use cases. In order to complete the existing work, we are requesting a term extension on six of the originally awarded twenty contracts through December 31, 2027. All work under the other fourteen contracts has been completed, and those agreements will be allowed to expire naturally on the current end date of December 31, 2025. Staff requests Trustee approval for the extensions of the contracts below through December 31, 2027. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
C3.ai, Inc.	4600003459	
Doble Engineering Company	4600003543	
Electric Power Group, LLC	4600003553	

Toshiba America Energy Systems Corporation dba ETAPro LLC	4600004309	
GE Vernova International Holdings, Inc. dba GE Vernova International LLC	4600003387	
Talisen Technologies, Inc.	4600003413	

Operations - Project Delivery

In June 2012, the Authority issued a nine-year construction contract with the vendor listed below in the amount of \$90,989,359 for Niagara LPGP LEM Motor Generator Upgrade. Due to a myriad of reasons (i.e. Covid-19, PG-5 Stator failure, and subsequent root-cause investigation, prioritization of PG-6 rotor pole replacement) the Program was delayed. As a result, on December 13, 2022, Trustees approved an extension of this contract through December 31, 2025. In Q1 of 2025, an inspection of the wicket gate bushings revealed out-of-tolerance conditions during PG-02 rework. Upon engineering review, it was recommended not to return this unit to service and to disassemble the unit and conduct a thorough investigation and implement necessary repairs to return this unit to service. The inspection is currently on-going; therefore, it renders the unit unsuitable for a return to service. It is important to note that initial reports suggest that similar issues may be discovered during the PG-07 rework outage which is scheduled after test and evaluation of PG-7 and PG-2 repair. Consequently, the Andritz Hydro Corporation contract needs to be extended to allow for completion of the LPGP LEM program work. Based on the inspection of PG-2, an additional extension of the contract is being requested for a period of four years. This request will allow for completion of the work associated with this unit PG-2 and cover any potentially issues with the PG-7 unit. Staff requests Trustee approval for the extension of the contract below for December 31, 2029. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
Andritz Hydro Corp.	4600002534	

Operations - Project Delivery

In November 2014, the Authority issued a six-year construction contract with the vendor listed below in the amount of \$1,110,765 for the surface preparation and application of high-performance coatings on miscellaneous components and infrastructure associated with the LPGP LEM High Performance Coating. This contract was subsequently extended due to reasons including Covid-19, PG-5 Stator failure, and subsequent root-cause investigation and prioritization of PG-6 rotor pole replacement. The most recent Trustee approval in December, 2022 allowed for an extension through December 31, 2025. In Q1 of 2025, an inspection of the wicket gate bushings revealed out-of-tolerance conditions during PG-02 rework. Upon engineering review, it was recommended not to return this unit back to service and to disassemble the unit and conduct a thorough investigation and implement necessary repairs to return this unit to service. The inspection is currently on-going; therefore, it renders the unit unsuitable for a return to service. It is important to note that initial reports suggest that similar issues may be discovered during the PG-07 rework outage which is scheduled after test and evaluation of PG-7 and PG-2 repair. Consequently, the contract needs to be extended to allow for completion of the work associated with this unit PG-2 and cover any potentially issues with the PG-7 unit. Staff requests Trustee approval for the extension of the contract below for December 31, 2029. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
Niagara Coating Services, Inc.	4600002866	

Operations - Project Delivery

In January 2023, the Authority issued a one-year construction contract with the vendor listed below in the amount of \$4,403,940 for JW LSD FERC Safety Initiative project. The vendor was awarded to install FERC (Federal Energy Regulatory Commission) required strategic safety measures and video surveillance cameras at the St. Lawrence-FDR Power Project (STL) Long Sault Dam (LSD), which includes but is not limited to the Barnhardt Bridge, the tailrace of the LSD, marinas, boat launches, Massena Intake, beaches, and water ways to alert recreational boaters, swimmers, and tourists about the dangers of the LSD and adjacent waterways. At their meeting on December 11, 2023, Trustees approved an eleven-month extension of the construction services contract to the vendor through December 31, 2024, due to delays with the construction phase related to surveillance camera design changes. A one-year grace period extension was approved through December 31, 2025 due to additional delays on completion of the "Welcome" sign design and selection of a sign manufacturer by the contractor. Currently the design is under review by the Authority. The winter weather will cause this project to be put on hold until the Spring. As such, construction activities, completion of punch list items and closeout activities are now planned to be complete by December 31, 2026. Staff requests Trustee approval for the extension of the contract below for December 31, 2026. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
Con Tech Building Systems, Inc.	4500351355	

Operations - Project Delivery

In April 2025, the Authority issued a one-year construction contract with the contractor listed below in the amount of \$2,508,600 for Mine Kill Boat Launch Improvements. In compliance with Blenheim-Gilboa (BG) Power Plant Federal Energy Regulatory Commission (FERC) re-licensing requirements, the Authority in partnership with the New York State Office of Parks, Recreation and Historic Preservation (NYSORPHP), has been undertaking significant capital improvements at Mine Kill State Park, located in North Blenheim, New York, within the Schoharie Valley. The BG Recreation Management Plan identified the Mine Kill State Park Boat Launch, constructed in the early 1970s, as a recreational benefit project as part of the BG FERC relicensing requirements. The Mine Kill State Park Boat Launch has become a structural stability and safety concern due to deterioration and aging. This construction contract for the Mine Kill State Park Boat Launch Improvements includes the replacement of the existing cast-in-place concrete boat ramp, boat ramp panels, sidewalks, and curbs. The services include the construction of a new sidewalk extension and ground hydrant, the placement of stone rip rap along the western face of the boat launching ramp, and the redistribution of excess excavated material at the State Park Maintenance Facility. The construction services will also establish three new viewpoints adjacent to the parking lot and construct a kayak storage building complete with storage lockers. Since the start of the construction, the Authority has encountered several unforeseen work and design changes that necessitate an extension of the project timeline. In September 2025, the contractor discovered asbestos-containing effluent pipes while excavating the boat launch area. This required immediate additional testing, remediation and replacement, resulting in schedule delays. Additionally, while the water level of the lower reservoir is held during the day for performing construction work, BG Operations has needed to generate on several occasions at night, resulting in the rise of the water levels in the reservoir and the contractor's cofferdam being flooded. These instances have required the contractor to pump water from behind the cofferdam, causing additional construction delays. As a result, the contractor's most recent schedule shows the physical construction being completed in July 2026, which is beyond the current contract expiration date of March 31, 2026. Staff requests Trustee approval for the extension of the contract below through March 31, 2027. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
CD Perry LLC	4500375934	

Operations - Power Generation & Waterways

At the July 30, 2019 meeting, Trustees approved the award of contracts to the below vendors for a five-year term and an aggregate value of \$5,000,000 for General Electric Services. These contracts have remaining funds totaling over \$2.1M. These contracts facilitate the repair of systems and cables such as repairs made to failed feeder potheads throughout the In-City fleet including Vernon's 31G01 and Harlem Rivers 557L feeder cable termination repairs. In 2024, a grace period extension was granted to allow time for the preparation of a scope of services for a new Request for Proposals. The Request for Proposals is scheduled to go out early 2026. In the meantime, these contracts are necessary for the continued operation of the Authority's gas turbine assets along with additional requirements to support SENY transmission. Staff requests Trustee approval for the extensions of the contracts below for October 31, 2026. No additional funding is being requested at this time.

Vendor Name	PO/VC	Status
E-J Electric Installation Company	4600003712	
Haugland Energy Group LLC	4600003708	

Authority and Canals Extensions and/or Additional Funding Requests:

Legal Services - Human Resources

In September 2024, the Authority issued a contract with the vendor listed below in the amount of \$1,357,830 under GSA Schedule 47QSWA18D008F to provide implementation services for the ServiceNow Human Resource Service Delivery (HRSD) platform. On May 5, 2025, Trustees approved an extension request for implementation services through December 31, 2025 with no additional funding. Since that time, a change order in the amount of \$407,473.80 has been approved and a request is now being made for additional funds in the amount of \$335,684.68. The total of all change orders requires the Trustees approval per the EAPs. Additionally, an extension for an additional six months while a new Request for Proposal (RFP) is issued in late 2025. This funding will cover the month-to-month Managed Services until contract(s) are awarded. Staff requests Trustee approval for the extension of the contract below for 6 months through June 30, 2026 and additional funding in the amount of \$335,684.68.

Vendor Name	PO/VC	Status
Carahsoft Technology Corporation	4500365665	

Canals Extensions and/or Additional Funding Requests:

None

FISCAL INFORMATION

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2025 Approved Operating or Capital Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating or Capital Fund, as applicable.

Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project's Capital Expenditure Authorization Request, as applicable.

RECOMMENDATION

The Senior Vice President – Central Support Services; the Senior Vice President - Project Delivery; the Senior Vice President – Human Resources; the Senior Vice President – Strategic Supply Management; the Vice President – O&M Services and Technical Compliance; the Vice President – Energy Resource Management; the Vice President - Project and Construction Management; the Vice President – Strategic Operations; the Vice President – Customer Project Delivery; the Regional Manager and Senior Vice President for Niagara; the Regional Manager and Senior Vice President for Poletti; the Assistant General Counsel – Contracts, Licensing & Environmental; requests that the Trustees and Board of Directors approve the award of multiyear procurement (services) and other contracts to the companies and the extension and/or funding of the procurement (services) contracts for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Justin E. Driscoll
President and Chief Executive Officer

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Canal Corporation, the award and funding of the multiyear procurement services contracts referenced hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as set forth in the memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Canal Corporation, the contracts referenced hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as set forth in the memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.



Date: December 9, 2025

To: NEW YORK POWER AUTHORITY TRUSTEES AND NEW YORK STATE CANAL CORPORATION BOARD OF DIRECTORS

From: VICE PRESIDENT & CORPORATE SECRETARY

Subject: Proposed 2026 Schedule of Meetings

The following schedule of meetings for 2026 is recommended:

Date	Boards/Committees	Location
January 27 (Tuesday)	Finance Committee	Video
February 3 (Tuesday)	Risk and Resiliency Committee	WPO
	NYPA/Canal Board	WPO
March 18 (Wednesday)	Governance Committee	Video
	Finance Committee	Video
March 31 (Tuesday)	Audit Committee	WPO
	NYPA/Canal Board	WPO
May 7 (Thursday)	Finance Committee	Video
May 19 (Tuesday)	NYPA/Canal Board	WPO
June 23 (Tuesday)	Finance Committee	Video
July 14 (Tuesday)	Audit Committee	Video
July 28 (Tuesday)	NYPA/Canal Board	WPO
September 15 (Tuesday)	Risk and Resiliency Committee	Video
	Finance Committee	Video
September 29 (Tuesday)	NYPA/Canal Board	WPO



Date	Boards/Committees	Location
October 20 (Tuesday)	Governance Committee	Video
November 17 (Tuesday)	Finance Committee	Video
December 8 (Tuesday)	Audit Committee	WPO
	NYPA/Canal Board	WPO

RECOMMENDATION

The President and Chief Executive Officer and I request that the Trustees and Board of Directors approve the proposed 2026 meeting schedule as set forth in the foregoing memorandum.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Karen Delince
Vice President and Corporate Secretary

RESOLUTION

RESOLVED, That the 2026 meeting schedule, as set forth in the foregoing memorandum of the Vice President and Corporate Secretary, be, and hereby is, approved.



**NY Power
Authority**

**Canal
Corporation**

**MINUTES OF THE
JOINT POWER AUTHORITY OF THE STATE OF NEW YORK AND NEW YORK STATE CANAL
CORPORATION BOARD of DIRECTORS MEETING**

September 23, 2025

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Minutes of the Joint Meeting of The Power Authority of the State of New York and New York State Canal Corporation held on September 23, 2025, at approximately 9:00 a.m.

Members of the Board present were:

John Koelmel - Chair
Michael Cusick
Cecily Morris
Lewis M. Warren Jr.
Laurie Wheelock
Bethaida González
Dennis Trainor - video

Also, in attendance were:

Justin E. Driscoll	President and Chief Executive Officer
Adam Barsky	Executive Vice President and Chief Financial Officer
Daniella Piper	Executive Vice President and Chief Innovation Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Lori Alesio	Executive Vice President and General Counsel - Legal Affairs
Alexis Harley	Senior Vice President and Chief Risk and Resiliency Officer
Karina Saslow	Senior Vice President - Human Resources
Robert Piascik	Senior Vice President and Chief Information and Technology Officer
Salman Ali	Senior Vice President - Internal Audit
Karen Delince	Vice President and Corporate Secretary
Paul DeMichele	Chief of Staff
Chad Gholizadeh	Deputy General Counsel
John Canale	Senior Vice President Strategic Supply Management
Maribel Cruz Brown	Senior Vice President - Internal Affairs
Christopher Vitale	Director - Projects
Patricia Lombardi	Senior Vice President Project Delivery
Rebecca Hughes	Deputy Executive Director
David Mellen	Senior Vice President and Regional Manager - Canals
Jairo Florez	Senior Vice President and Regional Manager
Brian Stratton	Director – New York State Canal Corporation
Lindsay Kryzak	Vice President Corporate Communications
Christopher Hutson	Senior Vice President – NYPA Development
Sheila Quatrocci	Manager, Corporate Secretary
Michele Stockwell	Associate, Corporate Secretary
Fiona Khan	Senior Assistant Corporate Secretary

Members of the Public Attendees:

Neil Patterson, Sr. Tuscarora Nation
David Caligiuri

Other Attendees:

Sean Ewart Assistant Secretary for Energy, New York State Governor's Office

Chair Koelmel presided over the meeting. Vice President and Corporate Secretary Delince kept the Minutes.

Introduction

Chair Koelmel welcomed the Trustees/Directors and NYPA and Canal staff members who were present at the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority's Bylaws, Article III, Section 3.

1. Adoption of the September 23, 2025 Proposed Meeting Agenda

On motion made by member Wheelock and seconded by member Warren, Jr., the agenda for the meeting was adopted. (7-0)

Conflicts of Interest

Chair Koelmel and members Trainor, Morris, Wheelock, and Cusick declared no conflicts of interest based on the list of entities previously provided for their review.

Chair Koelmel abstained from vote from item #3a vii – Award of Fund Benefits from the Western New York Development Fund by the Western New York Power Proceeds Allocation Board– Ralph Wison Park Conservancy.

2. DISCUSSION AGENDA:

a. Strategic Initiatives

i. President and Chief Executive Officer's Report

Justin E. Driscoll, President and Chief Executive Officer, presented the report to the Board and noted that the focus is on two key themes along with the significant impact that NYPA has had historically on Western New York.

1. Canal Bicentennial Celebration
2. The Worlds Canal Conference

➤ Celebrating 200 Years

President Driscoll said the Canals Bicentennial Celebration commenced earlier this year with numerous celebrations already taking place.

• Canals Bicentennial Celebration and The Worlds Canal Conference Highlights

- The Albany Symphony Orchestra had several performances this summer along the canal, which included other regional artists.
- The Flotsam River Circus is a non-profit troupe of puppetry, acrobatics, and dance that traveled by raft along the canal and the Hudson River, performing free shows at over 35 locations.
- Canals hosted Governor Hochul, colleagues of the Power Authority, NYPA and Canals leadership along with the Trustees in downtown Buffalo.
- The conference brought together canal enthusiasts from all over the world to celebrate the milestone year in Buffalo.

- Governor Hochul delivered an inspiring speech about her love of the canal and its influence on the development of not only New York State but the entire nation.
 - On September 24, the replica of the *Seneca Chief* packet boat will embark from Buffalo, traveling across the state and visiting 28 canal communities with a flotilla.
 - Governor Hochul will be joined by many, including the Canals team, for the sendoff and various stops along the route, culminating in the flotilla's arrival into New York City on October 26th.
- **The History of the Canal**
 - Constructed in 1825, the canal is one of the most transformative structures in the country.
 - The canal linked the Great Lakes to the Atlantic Ocean via the Hudson River and helped to make New York City the chief port in the United States at that time,
 - The canals construction created an extremely lucrative trading network in New York due to the various European goods that were transported through the New York harbor to inland places in America.
 - At that time, because trade was highly profitable, the nation founded what was known as National Bank. However, in 1832 during Andrew Jackson's term as president, he abolished the bank creating a financial crisis.
 - The Erie Canal Fund was established as a resolution to the crisis and served as the collecting device for all the tariffs, income and fees from the Erie Canal Commerce replacing the infrastructure at the time and solidifying the whole New York banking system.
 - The Canals, in partnership with Albany's Public Broadcast (PBS) affiliate, created an hour-long documentary of the Canal Bicentennial Celebration that will debut at the conference the week of September 22nd.
 - The documentary will air in early October, highlighting some of the canal's lesser-known stories, its impacts and looking ahead to its future.

President Driscoll highlighted that the canal stands as a testament to the enduring power of infrastructure connecting people and driving economic progress.

➤ **The Trustees' Room at the Niagara Power Project**

- Originally the Niagara Power Projects Administration Building for the power project.
- The Trustees' Room hosted many board meetings of the Power Authority trustees after it was developed in 1962.
- The room designer, Janus Risa, was a well-known furniture designer.
- Risa, one of the first designers to introduce Scandinavian mid-century modern style of design to the United States, was common in public buildings during the 1960s.

- As part of the Authority's federal licensing requirements at Niagara, and the New York State office of Historic Preservation, the Trustees' Room must be maintained in its original state.
- The first Power Authority board meeting was held in the room on June 27, 1963, with one of the agenda items being an allocation approved for Moog, which is still a Niagara customer to this day.
- Moog has grown from its three founders in East Aurora, New York, into a company of 13,500 employees, operating in 25 countries, with 95 locations worldwide supporting more than 3,500 in Western New York – with a current commitment to add 500 more jobs.

➤ **NYPA's Economic Development Programs Support Western New York Customers**

President Driscoll noted that the Authority's customers in Western New York are making a clear economic impact thanks to NYPA's unique economic development programs.

- **Key Highlights**

- More than 240 economic development customers
- 550 Megawatts (MW) of power awarded
- \$53 million in NYPA funding has been disbursed
- 49,000 jobs committed
- \$6 billion in private capital investments

President Driscoll said the impact is a direct result of NYPA's low-cost hyper-power-supporting Western New York economy for the Moog project and others.

- NYPA's commitment to Buffalo's beautiful canal side development, located at the terminus of the 1825 Erie Canal; it has flourished as a destination for events and public activity.
- The Authority has played a major role in the Canalside Revitalization by committing approximately \$155 million to the Erie Canal Harbor Development Corporation as part of the army licensing payments.
- NYPA's Power Proceeds Board recently recommended \$2.3 million Ralph C. Wilson Park Conservancy Award to be put toward the \$11.7 million Ralph C. Wilson Jr. Centennial Park.

➤ **Renewables Engagement Recap**

- **Public Hearings and Public Comments**

- In July 2025, the Board approved moving forward with the draft updated strategic plan triggering two virtual public hearings to be conducted on the plan during the 45-day comment period.
- Although the law only requires a 30-day comment period with one public hearing, the organization deemed it important to provide the public more time and opportunity to provide their feedback.
 - Two virtual hearings were conducted.
 - 66 speakers were featured.

- More than 300 live viewers.
- More than 6,000 New Yorkers submitted public comments during the 45-day comment period.
- Comments were shared with the organization through the newly created public comment portal that enabled individuals to track the number of comment submissions.
- The Authority has begun the comment review, which will be included in the proposal plan that will be brought back to the Board in December for consideration and finalization of the amended plan.
- Many New Yorkers are encouraged by NYPA's decision to double the plan's potential capacity since its inception and urged for the organization to continue to grow the plan even further.
- Many voiced concerns about some of the projects included in the plan and NYPA will be taking those into consideration as the draft plan is being revised before bringing it to the Board for final approval.

President Driscoll clarified that despite the mounting challenges to renewable development with federal policy, and increasing supply chain pressures, NYPA is strongly committed to supporting the State and the Authority's clean energy goals.

➤ **Building the Nuclear Workforce**

President Driscoll noted that the Authority recently announced the effort to lead New York State in the development of advance nuclear technology and address the forecasted growth in energy demand with clean power. Keeping in line with Governor Hochul's direction, NYPA is moving forward to build at least one megawatt of advanced nuclear power in upstate New York

• **The Advanced Nuclear Energy Workforce Roundtable – September 9, 2025**

- The Authority recently hosted a Nuclear Workforce Roundtable at the Governor's office in Manhattan in September.
- The event brought together leaders from labor, energy and government that included Building and Construction trades, International Brotherhood of Electrical Workers (IBEW), Laborers International Union of North America (LIUNA), State University of New York (SUNY), Rensselaer Polytechnic Institute (RPI), the Nuclear Energy Institute, and NYPA partners at Ontario Power Generation along with the Department of Labor, The Department of Public Service and New York State Energy Research and Development Authority (NYSERDA).
- The group of leaders collaborated on ideas to accelerate training and apprenticeship programs to support the expansion of jobs and multi-generational careers in advance nuclear with important takeaways.
 - Workforce investment is a marathon, not a sprint
 - Engaging local communities and labor early is essential to building strong, long lasting relationships is essential.
 - Communicating that jobs are on the horizon and they represent multi-generational opportunities with good paying, stable, long-term local employment.

- Partnerships with multi-stakeholder effort will be key to NYPA's success and a thriving nuclear energy workforce.
- Governor Hochul has charted a course for the future of clean energy and NYPA is committed to being a leader in these efforts.
- The Authority will build momentum from the first Roundtable with follow-up meetings, and more cross-industry events as progress continues in hiring and preparing for upcoming solicitations for technology and siting.

b. Utility Operations

i. Chief Operating Officer's Report

Joseph F. Kessler, Executive Vice President and Chief Operating Officer, presented the report to the Board noting that there will be multiple team members presenting on topics such as the benefits of projects for Western New York and New York State along with updates on Canals.

Kessler highlighted that The New York State Canals Corporation is hosting the Worlds Canals Conference in Buffalo and leading the Bicentennial celebrations that are currently underway.

➤ Operations Updates

- No significant operational issues to report; overall, things are running smoothly.
- Although there were some summer heatwaves, the staff was fully prepared and performed effectively at all plants across the fleet when called upon.
- Preparation is underway for fall outages. The mild or shorter months is when the organization takes advantage to do major maintenance on certain equipment to make sure it's ready for the winter peaking season.
- The Federal Energy Regulatory Commission (FERC) performed a security program audit and issued some recommendations with no major findings.
- FERC commended the organization's performance and security.
- The Northeast Public Power Council (NPPC), which regulates the North American Electric Reliability Corporation (NERC) standards, also conducted a major audit with no major findings.
- Maintaining technical compliance and upholding those standards is a top priority.

➤ **Niagara Power Project**

Kessler noted that “The Mighty Power of Niagara Harnessed for the Public Good”, is a phrase that resonates with all and a theme that embraces the organization’s role as stewards of this incredible asset and all assets across New York State, operating them for the benefit of New Yorkers.

1. History of Niagara Power Project

Jairo Florez, Senior Vice President and Regional Manager, presented the Project’s history.

➤ **A Historical Overview of Niagara Power Project**

- In the early 1800s, there were many attempts to harness hydraulic energy to mobile machinery.
- Hydraulic mills were started and moving belts were used.
- In 1882, The Niagara Falls Hydraulic Power and Manufacturing Company of Niagara Falls, New York, was the first company to successfully generate electricity from Niagara Falls.
- The first power generation happened in the late 1800s, and power plants were built in several stages, the Schoellkopf Power Plant took multiple years to construct in three sections.
- The Niagara Falls Hydraulic Power and Manufacturing Company became the Niagara Mohawk Company and was purchased by National Grid in 2002.
- Unfortunately, in 1956, the Schoellkopf Power Plant collapsed, and water seepage created a rockslide, destroying two-thirds of the plant.
- Several workers were injured, and one loss of life in the disaster.
- At that time, the Schoellkopf Plant was producing 400 megawatts of power during the summer.
- The loss of this amount of electricity in an instant created a big energy crisis affecting both jobs and industrial customers.
- A resolution was needed quickly, and it came by way of NYPA’s Niagara Power Project.

➤ **Building the Niagara Power Project**

- From 1954 to 1958, NYPA constructed this enormous power project.
- Then, the construction of the Niagara Project started in 1958 and was completed in three years.
- The record three-year completion required an estimated 11,700 workers, becoming the largest project in the Western region at that time.

- During the construction, there were 20 casualties – a good reminder of the dangers and the need for NYPA to keep workers safe.
- When looking at the landscape at that time, the buoy was chosen specifically because it was the highest part of the gorge, enabling enough distance between the turbines to generate power.
- At the center of the structure there are visible scars in the rock bed.
- The region where the plant was built contained a lot of sedimentary rock, limestone and goldstone rock, which made the work difficult.
- Large amounts of dynamite were used for blasting power to carve through the waterworks and the concrete.
- The entire four-mile heat index, the conduit that brings water from the river to the plant, was limestone, so it had to be drilled and blasted with explosives in order to put structures in place.
- In 1961, the first power generation at the new Niagara Power Project occurred.

➤ **Honoring the Builders of Niagara**

- The veterans first came to the Power Vista in 2007; they have been involved in this project and recently visited again in August 2025.
- Every year their numbers decrease; many of them started working at the plant when they were 18 or 20 years old. Some of the veterans had endured the hardships of World War II, the Korean War, and the Great Depression; yet they came and built this project in three years.
- We heard their stories and how proud they are of what they accomplished. For example, Ken, a timekeeper, talked about the 20 people that died during the construction of the project. At that time, Occupational Safety and Health Administration (OSHA) did not exist.

Florez acknowledged among the workers that died was one named, Tim Marney, who is related to Trustee Morris.

➤ **Niagara Power Project**

- The project consists of two power plants, each unique in how differently they operate:
 1. Robert Moses Niagara Power Project
 2. Lewiston Pump Generating Plant (LPGP)
- One plant generates power on water to the reservoir.
- The intakes located on the north end of the Niagara River, an estimated two miles upstream from the boats.
- The intake brings the water inside the cold bay to feed the Robert Moses plant.

- The treaty signed in 1953 required the preservation of the beauty of Niagara Falls. The treaty dictates how much water can be used in a given day.
- The Sir Adam Beck OPG Plant was built in 1954; then the Niagara project began, and the water was split during that period.
- 200,000 cubic feet of water flows through the Niagara River every second.
- The Authority takes that water and generates power.
- The reservoir can store up to 20 billion gallons of water. To put that in perspective, that would be like filling roughly 30,000 Olympic sized swimming pools.
- The generators at the Lewiston plant are reversed; there are 12 units at approximately 25 megawatts per piece.
- NYPA generates at the Lewiston Power Plant and Robert Moses.
- The switch yard is like a train station – all the power comes in and directs it where to go.
 - One of the unique aspects of the site is both a benefit and a challenge because the project is located right in the center of the community and Niagara University is right next to it.
 - The facility provide 2.6 gigawatts of power; this could feed about 2 million homes with power that is generated in a given time at the Niagara Power Plant.

➤ **Niagara Power Project Community Benefits**

- The Niagara Power Project relicensing started in 2007.
- Multiple entities benefit from the licensing commitments of the project:
 - 28 megawatts for host communities
 - Niagara University
 - Niagara Falls
 - Tuscarora Nation
 - Funding \$450 million for the Niagara River Greenway Path
 - \$15 million to create the Northland Workforce Development Center and contributed over \$1million in additional funding, including an EV vehicle to support their programs.
 - Working with local food processing facilities.
 - All of the programs, whether its HVAC systems or water treatment, help these facilities and the community thrive.

➤ **Securing the Future**

Florez noted that the facility is over 60 years old, and things are aging. It is important that this facility continues for generations to come. Currently, NYPA is involved with the NextGen Niagara Project.

- Unit 6 upgrades and major overhauls are being performed, including controls and mechanical improvements with completion by year end.
- The 60-ton crane is essential for this facility for lifting heavy components – the rotor, the stator, and various electric parts which are used to repair and maintain each unit..
- The NGN Program has several other major efforts underway, including the 24-piece enamel pipe that channels water into the units to generate power. These pipes are over 60 years old and require inspection. A platform was constructed in order to access and verify their condition.
- The control room, the brain of the plant, has been upgraded, including new state-of-the-art screens and monitors for the operators working at the facility.
- The roadway above the plant is being supported by deteriorating concrete. This needs attention or it could eventually be shut down. Water is seeping through and damaging electrical equipment; therefore, NYPA is moving forward to replace the structure and protect the systems.
- The switch yard team is undertaking critical upgrades to replace and repair electrical components.

2. Customer Benefits of the Niagara Power Project

Maribel Brown-Cruz, Senior Vice President, Customer Solutions, noted that the presentation showcases not only the benefits in the Western New York region but how NYPA is impacting lives, businesses and setting up economic success throughout New York State.

➤ Customers Benefiting from Niagara Power Project

- Niagara Power Project capacity is 2,675 megawatts.
- By statute, over 1,900 megawatts are directly dedicated to customer programs.
- 94% is already being served and used by customers.
- The hydropower from the Niagara Power Project is a cornerstone of economic growth and environmental stewardship in the community.
- The Project fuels economic growth in communities.
- The Authority has been serving customers for more than six decades.
- The map represents over 1,000 customers that are directly benefiting from hydropower and represents businesses from municipal power systems or host communities.
- As a direct result of Niagara's hydropower, these entities are competing very well in their initiatives whether it's the manufacturing of fresh or frozen foods, chemicals, glass, dairy products, or other goods and services.

- This clean renewable energy source not only helps reduce operational costs through lower electricity rates but also supports corporate sustainability goals by minimizing the carbon footprint.
- This reliable and consistent power supply strengthens productivity and competitiveness, attracting further investment and fostering job creation in the region.
- NYPA proudly supports the creation and retention of approximately 450,000 jobs and \$55 billion in capital investments with 50% being a direct impact of the Niagara Power Project.

Cruz-Brown reinforced that New York State is open for business. There is a continuous flow of applications from businesses with interest in locating to New York State not only across the nation but globally.

- **Economic Development Programs**

Cruz-Brown noted that NYPA serves a list of distinct customer settings:

- **Expansion Power and Replacement Power** - Also known as Western New York Public Power. Out of the 695 megawatts established, 581 megawatts are allocated to service customers.
- **ReCharge New York** - This statewide program enables large manufacturing businesses, small businesses, and small mom-and-pop shops across the state to benefit from low-cost hydropower, resulting in business growth and jobs in local communities.
- **The Western New York Economic Development Fund** – This is not a power program, but rather a grant program established through the sale of hydropower that has not yet been taken down by businesses since they are still building their facilities or in the middle of commissioning plans.

Cruz-Brown noted that the organization has built the grant program to enable investment in six tracks that will be presented.

- **Preference Power Customers**

Cruz-Brown highlighted that, as mentioned, approximately half of the organization's capital investment and job creation derives from the Niagara Power Plant.

- Chobani, General Mills and 3M are a few examples of businesses that NYPA serves.
- When purchasing goods, the organization thinks about if they are made in New York, supported by NYPA, and NYPA's power plants.
- Hydropower also provides low-cost breaks at 51 municipal and rural electric cooperative systems in addition to host communities and customers in several neighboring states.
- The 51 public power systems are focused on the delivery quality of clean power, and NYPA supports them as they continue to innovate and support a clean, reliable grid.
- The host communities are the surrounding communities where NYPA's assets are located, and the team regularly meets with them to engage in energy efficiency and sustainability projects –

e.g. Niagara County, Town of Lewiston, City of Niagara Falls, Town of Niagara, Niagara Falls City School District, The Tuscarora Nation, and Niagara University.

- NYPA has partnerships with neighboring states for New York State's share of Great Lakes hydropower: Ohio, Massachusetts, Pennsylvania, Vermont, and a few others.

Cruz-Brown noted that the Authority will continue administering these programs as chartered by statute and legislation, while looking forward to supporting businesses in New York along with customer expansion.

- **Western New York Power Proceeds**

- 75 projects with a total of \$65 million in support to eligible entities have been approved by NYPA's Board of Trustees over the past 13 years.
- Six project funding tracks :
 1. Business Investment
 2. Infrastructure and Downtown Investment
 3. Innovation and Entrepreneur Development
 4. Workforce Development
 5. Tourism Marketing
 6. Agricultural Investment
- This program was set up and managed since inception by passionate local community members such as Richard Smith and managed by Angela Rossi.
- Three recommendations for the Western New York Power Proceeds:
 1. Ralph C. Wilson Park Conservancy
 2. Shea's O' Connell Preservation Guild – the largest Power Proceeds award to date
 3. Buffalo Society of Natural Sciences

- **Ralph C. Wilson Park Conservancy (Western New York Power Proceeds Award)**

- A nonprofit organization created to work in partnership with the City of Buffalo to operate, maintain, and promote the use of Ralph C. Wilson Park.
- Formerly known as LaSalle Park, this 100-acre park is advancing to the next phase of redevelopment costing upwards of \$200 million.
- The Western New York Proceeds award for \$2.3 million supports the construction of an 11.6 million, 10,000 square foot multi-use facility.
- The building will provide administrative security, and other operational support functions to manage the park.
- Construction is expected to tentatively start in late 2025 with completion targeted for spring 2028.

Cruz-Brown noted that NYPA's teams will continue to work collaboratively, internally and externally to identify new opportunities, support new businesses, and work with community advocates to ensure that these grants are awarded and have a beneficial future.

3. New York State Canal Corporation Update

a. Canal Revitalization: Director's Report

Brian U. Stratton, Director, New York State Canal Corporation, presented the report.

➤ **Welcome to Buffalo and World Canal Conference 2025**

Stratton noted that a robust audience was welcomed at the Conference's evening reception at the Statler Hotel.

- **Attendees** - Over 475 delegates attended, representing 10 countries and 22 U.S. states.
- **Keynote Speakers** – Richard Millar, Scottish Canals Chief Operating Officer; international disability rights advocate Bob Venerman; and a welcome message from Governor Kathy Hochul.
- **Field Sessions**
 - The delegates are located across the region attending four different field sessions.
 - The sessions stretch from Canada to Rochester.
 - They are experiencing, firsthand, the vitality of the Erie Canal.
 - Viewing accessible recreation, including new and restored infrastructure.
 - They are enjoying Western New York conceived hospitality and entertainment.
 - Day four is the gathering at Canalside for the sendoff of the Erie Canal Boat Center machine as it departs on a 28-stop voyage, a community voyage from Buffalo to New York City.
 - This is a reprisal of Governor DeWitt Clinton's historic journey that began from the same location on October 26, 1825.
 - The ceremony begins at 8:30 a.m., and many will be heading down early to get a place along the route.

➤ **Bicentennial Highlights**

- **New York Lottery** – A partnership with the New York Lottery to roll out the Erie Canal Million Dollar Raffle, a chance for 15 winners to become millionaires; tickets are still available. The drawing takes place on October 26th; \$21 million will be generated to support New York State public education.
- **Sam Patch Tour Boat** – Governor Hochul welcomed cabinet members for a cruise along the Erie Canal on the Sam Patch boat, which is operated by the non-profit Orville Navigation.

- **Albany Symphony Orchestra (ASO) Summer Concert Series** – There were a series of concerts over the summer featuring five new composers at day-long festival and canal site concerts across the system. Each concert featured new compositions on topics ranging from immigration, the environment, Indigenous perspectives, women's suffrage, and the Underground Railroad.
- **Canal Exhibit at the State Capital** – Lining the highway traffic tunnel that connects the New York State Capitol to the legislative office building. One can see firsthand all of the exciting elements of the New York State canal system and continue through the end of the year.

➤ **Journey of the Seneca Chief and Culminating Events**

- **Replica Seneca Chief Departs from Westchester Community College (WCC)**
 - On September 24th, the replica of the vessel Governor DeWitt Clinton traveled abroad from Buffalo to New York City in 1825 will depart from Canalside.
 - 28 stops on bicentennial voyage arriving at Pier 26 in Manhattan's Hudson River Park on Sunday, October 26th, which will be 200 years to the day when Governor Clinton first opened the Erie Canal in 1825.
- **Grand Celebration at Pier 26, Hudson River Park**
 - A special ceremony will be held on Sunday, October 26th to commemorate the 200 years of the Canals.
 - The West Point Band will be performing as it did for Governor Clinton in 1825.
- **Lecture & Forum featuring New York's First Gentleman**
 - On Monday, October 27th, The Parker College and the New York State Archives Partnership Trust will host a panel discussion at the Roosevelt House Public Policy Institute.
 - First Gentleman Bob Hochul will deliver welcoming remarks on behalf of Governor Hochul and the Erie Canal Bicentennial Commission.
 - Leading historians and economists, including Harold Folzer, Dr. Jennifer Burge, Brad Utter, and Mitchell Moss, will discuss the impact of the construction on New York City as a global trade and economic center.

b. Canal Revitalization: Foster Connection, Enjoyment & Respect for Our Resources

Rebecca Hughes, Deputy Executive Director, presented the updates along with a forward look at initiatives.

➤ **On the Canals: A Vision for the New York State Canal as an Accessible Destination**

Hughes highlighted Haben Girma, the first deaf-blind graduate of Harvard Law School and an inspirational keynote speaker at the Stadler dinner, where the organization accommodates disabilities and welcomes those with disabilities to recreate.

Although barriers exist, the responsibility is with the organization to figure out what can be done to welcome people of all abilities to recreate with NYPA. This is not just socially imperative but imperative to business.

- One in five New Yorkers lives with a disability.
- When the organization makes recreation more accessible, it opens businesses - more often small businesses – and enables customers to reach a greater market share.
- This allows people to bring their family and friends to recreate with them.
- The businesses engaging with the Accessibility Education Initiative have benefitted with an increase in their business by as much as 30%.
- This program was initiated in 2024, in partnership with NYPA's Strategic Supply Management colleagues.
- Partnering with 12 businesses to educate them on how to accommodate everyone and providing them with adaptive equipment in order to expand their businesses.
- The program will continue for a second year, collaborating with another 12 businesses to accommodate them in becoming more inclusive.

- **Medina Art Triennial – Media Coverage**

- The Medina Art Triennial builds upon the major capital improvements underway in the Village of Medina.
- The “high wall” that carries the canal over a waterfall has been deteriorating for years; the trail surface is unsafe and needs rehabilitation.
- While the work may be invisible, the organization viewed this as an opportunity to pair the large, capital work with a community partnership in order to showcase the canal in a different light.
- The Medina Art Triennial, triennial – an event that happens every three years – is a large-scale festival opening in 2026.
- The media coverage for this event appears in art publications, opening up a whole new audience, placing Medina on the global stage, and generating a buzz of excitement for this part of the country.
- The theme of this event is *All That Sustains Us*, a homage to the Erie Canal, its maintenance, and the correlations with local ecologies.
- The art gallery will feature over 40 local, national, and international artists at more than a dozen locations, both indoors and out throughout the village of Medina.
- The Authority is collaborating with the Toronto Biennial of Art, and the advisory team includes representation from:
 - Leading arts institutions, e.g. Buffalo AKG Art Museum
 - The Virtual Penny

- Buffalo Magazine (MAG), located in Buffalo
- New York State Council on the Arts
- Local representatives
- Business owners
- Local art and community leaders

Hughes noted this project is deeply rooted in community engagement and grows organically from the community's desire to capitalize on its culture as an arts center, which is influenced by Trustee Bethaida Gonzalez. NYPA seeks project partnerships with universities and high schools.

- University of Buffalo's graduate architecture students created a variety of furniture pieces by partnering with high school students in Medina using recycled materials from the canal.
- The materials came from Lockport and the organization's maintenance staff transported them to the University for the students to use.
- This was an opportunity for design students to bring their products to life and witness them being used in communities.

- **Happening September 13 – Medina Hub**

- Sydney Gross Memorial – Sydney Gross was a University of Buffalo architecture student who passed away. Her family established this memorial to keep her memory alive and foster additional interest in Gross's passion for architecture and design.
- The University of Boston students designed and constructed furniture, sculpture and art work in conjunction with a local high school.
- These pieces have been installed at the Waterfront Park in Medina, a popular location for prom pictures and selfies by local community youth.
- The Hub is a storefront in Medina that opened on September 13th. It's place for the community to come and learn more about the training while contributing and engaging in dialogue.
- The purpose of engagement is to encourage discourse in order for the community to welcome upwards of 50,000 visitors for the 2026 Triennial.
- The Hub's title is *Objects of Affection*, a reflection on the space, what can be produced in terms of dialogue, creativity, and community as well as speaking to the memory of objects and materials that are given a new life.

- **Brockport Bicentennial Bridge**

- Formerly the Brockton Pedestrian Bridge, now the newly renamed Brockton Bicentennial Bridge, opened on June 13, 2025, connecting State University of New York (SUNY) Brockport with adjacent Empire State Trail and Downtown Brockport.
- The connection creates a carless access path for community members to explore the campus and reciprocate by greeting and patronizing the town's businesses.

- An unintentional bonus about this project is that all of the major elements from the capital planning, project delivery, design, construction oversight to the executive sponsorship were led by women who were experts in their field.
- Construction management was led by a local minority-owned business.
- The bridge was a very ambitious project and has highly unique sustainable features, that will ultimately bring life in its efforts to revitalize the canals.
- The decking of the bridge is black locust, a material selected for its long lifespan and natural resistance to decay, which means less frequent replacement. The black locust is rapid growing, supports reforestation, and requires no chemical preservatives.
- In the theme of sustainability, two trees were planted for every one tree that was removed during construction.
- The canal is home to not only invasive species but also endangered and protected ones of complex ecology, *e.g.* endangered mussels which were relocated to a downstream area of the project.
- The design features parkland spaces with native plantings and retention areas for storm runoff.
- The lighting at the site is downward facing to prevent light pollution for the surrounding neighborhood and patrons.
- The Authority seeks to go above and beyond the Americans with Disabilities Act (ADA) compliance by ensuring full accessibility for all in the community that use a variety of mobility devices to enjoy the space with ease.
- Boulders were installed along the bridge columns at the water's edge to serve as a tactile warning indicator for people with visual impairments and to function as additional seating for individuals.
- Downlighting features were incorporated in the bridge design to ensure safety.
- The project was shaped by extensive community engagement because of its proximity to SUNY Brockport campus and its guard's gates was a catalyst to create safety features that would not be accessible to adventure-seeking college students and preserve those historic structures.
- NYPA has partnered with SUNY Brockport in providing long-term bridge maintenance.

c. Canal Revitalization: Operate, Maintain & Improve Canal Infrastructure

Dave Mellen, Senior Vice President and Regional Manager Canals, presented the recap and a look forward along with project highlights of the revitalization efforts.

➤ **May 15 – November 3 – 2025 Navigation Season Highlights**

- Overall the season has been good.

- The Bicentennial has garnered positivity, a slew of events, and tremendous operational support of the events.
- There have been some weather-related challenges in the early seasons and the current drought conditions.
- **Vessel Traffic**
 - Approximately 47,000 passages (lockage's or through-lift bridges) to date.
 - This remains consistent with prior years considering the weather-delayed opening.
 - Traffic is equal or perhaps fairly better than in the past.
 - Commercial traffic is slightly higher mainly due to stone shipments that are currently taking place on the Champlain – up an estimated 32%.
 - Commercial passages are about 300-400 in total, which is relatively small part of overall activity.
- **Maintenance**
 - The plan at the beginning of the year was that the organization would extend the season to close on November 3rd to support the flotilla and the Seneca Chief.
 - Before the season got underway, the weather shifted with extremely high flows, and we had to announce a phased opening of everything east of Lyons; west of the Lyons had good water levels.
 - The second event that occurred took place before the start of the season in the St. Johnsville area was the failure of one of the movable dams along with significant seepage, which needed to be resolved.
 - High water and high flows and the danger to boaters are issues that had to be managed by NYPA and Canals and contractors who handle the repairs and maintenance.
 - By June 25th all was settled with repairs to the seepage and the movable dam, enabling the phased opening in late June.
 - Currently, there is a slight drought condition, which challenges the system relative to maintaining navigation levels in certain areas more than others.
 - Some of the reservoirs are getting quite low and recreation usage is down due of the reduced water, but there are hopes of change imminently.
- **Labor**
 - Staffing remains steady at 10% vacancy for permanent staff.
 - Currently, there are an estimated 400 to 480 permanent employees.
 - Seasonal employment has been consistent year over year with normal turnover.

- Seasonal staffing continues to struggle in pockets across the system, particularly in the more rural areas.
- The organization has been able to manage through staff flexibility, overtime, and other adjustments.
- Improvement has been made with training, coordinating heavily with Board of Educational Services (BOCES) and Hudson Valley Community College to provide different types of training, e.g. heavy equipment, basic electrical, and welding.
- Maintenance has also been good this season with continued improvement.

➤ **Operations Report – Winter Maintenance Preview**

- Overall, in good shape for the winter.
- The work plan is generally straightforward for the winter season and planning efforts have been underway for months.
- Due to the extended season, there was a loss of a few weeks; therefore, work needs to begin as quickly as possible.
- The movable dams will be lifted out of the water in early November; water will be in certain parts of the system, removing navigation aids, buoys, and starting winter work in earnest.
- There are five new pump outs starting this year, and three continuing to work from last year at various locations across the system.
- The locks and lift bridges at approximately 70 work site locations have work plans in place to enhance and improve the locks or fix various components.
- Significant amounts of dredging and Upland Disposal Site (UDS) work happened in the Utica section, which represents an estimated 75% of overall system need. Much of the work is performed during the winter.
- The mechanical dredging includes cleaning some of the disposal sites for dredging material.
- Due to winter-weather working conditions, safety-related incidents tend to spike during January and February.
- The organization is partnering internally with the Environmental, Health, and Safety (EHS) team to stay ahead of incidents by trying more aggressive measures in order to protect employee safety.

➤ **Fleet Modernization – Then and Now**

- Overall, fleet modernization progress continues.
- The four new tugboats approved for construction:
 - The Thomas X Grasso that is now in service and currently moored at Canalside,
 - The Tug Lowne is set to arrive later this year or early 2026.

- Two additional tugs scheduled for delivery by the end of 2027.
- The fleet consists of approximately 85 working vessels ranging from large- to medium-sized vessels and tugs but doesn't include the entire marine fleet.
- Since 2017, the organization has had the ability to replace 65% of its fleet; an estimate of 55 units of new vessels.
- A full time Marine is piloting an electric work boat for the current fleet at Canalside, and testing has been conducted in the Utica section in the Sylvan Beach area.
- This is not yet a replacement for all work needs but it is a different type of work vessel; it is quiet; it supports communication, and safety-related communication on the site.
- There are certain locations where free charging is available; the vessels can be charged overnight and be fully powered to be able to work a full day.

➤ **Critical Infrastructure Rehabilitation – Madison Dam**

- The Madison Dam project is a symbolic effort in terms of infrastructure needs across the Canal system, the condition of the system, the risks associated, and the frame of a long-term revitalization.
- NYPA's Project Management team has been helping to develop programs, *e.g.* the Dam Rehabilitation Program, as well as other initiatives to ensure that Canals is better prepared to deliver capital work.
- There have been efforts with the state Division of Budget (DOB) for additional funding.
- This project is significant and at the top of the organization's list in terms of condition, risk and fairness.
- The reservoir is located in Madison County and sits above Colgate University and the town of Hamilton.
- The rehabilitation of this nearly 200-year-old high hazard dam gets the organization out on the larger revitalization program and anticipates continued assistance with these types of projects from New York State.
- The design is complete and currently out for bid with construction starting in earnest in early 2026, with expected completion in 2028.
- In order to safely and efficiently perform the work, the reservoir will need to be lowered by an estimated 10 feet. The lowering will last nearly the duration of the project.
- Bids are due October 16th, and then we will return to the Board for approval to award the construction contract.

➤ **Fortifying Our Embankments – Test and Learn**

Mellen noted that this is an insight into the efforts relative to continuing to explore new ideas and improving on work that has been done.

- The 130 miles of embankments holds back water, in some cases directly in front of communities and in more rural areas.
- The concept of vegetation on the embankments, trees on the embankments, and the risk that are posed, and the importance of inspections were all previously discussed.
- These embankments are being inspected in a variety of ways, e.g. out west a “bank walker” program is being operated where people are looking at the embankments on a daily basis, visiting every know seep to ensure nothing has changed.
- The organization is also looking at new technology and methods that might help these areas safe.

• **Two Pilot Projects**

1. Embankment Fiber Optic Monitoring Pilot Program

- The installation of a one-foot deep fiber optic line that runs 1,500 feet adjacent to the trail.
- This line was installed just over a week ago in Spencerport, New York, to monitor sound and vibrations.
- The software attached will act like Artificial Intelligence (AI) technology and over time will learn what the vibration and sound is, e.g. the sound of water passing through a culvert beneath the embankment is considered normal and no concern. It will eventually identify normal activity and when there is a change.
- The software will be connect to a dashboard that Scantech consultants are working on.
- The 1,500 ft section will send a notification of any change and staff will be deployed to inspect the issue.
- The pilot project will be approximately one year long.

2. Using Goats for Vegetation Management

- This project places goats on the embankments.
- Goats devour grass, shrubs, woody plants, and weeds, which makes them ideal for maintaining the low vegetation at the embankments allowing for better inspections.
- The analysis uses approximately four acres and the requirements for goats to do the work is minimal: water, shelter, and fencing to keep them in the area.
- The local farmer from Kaizen Ridge Farm is helping with the analysis.
- The goats seem suited for this task: they are a natural solution, and cost is generally lower if the goats get the job done, but the productivity is slower.

Mellen said there will be discussions with the organization's labor workforce about the two concepts to fortify the embankments.

c. Financial Operations

i. Chief Financial Officer's Report

Adam Barsky, Executive Vice President and Chief Financial Officer, presented the report.

➤ **Year-to-Date Actual through August 31st**

- **Performance** – August financial results are strong and continues to outperform the budget.
- **Interest Rates** - The predicted Federal Reserve interest rate was cut by 25 basis points; market expects two more cuts by year end.
- **Labor Market** – There is high concern about a tight and weak labor market.
- **Tariffs** – Lingering concerns remain about the impact of tariffs, whether it be the price of goods or other impacts throughout the economy, with close attention being paid to the data going forward.
- **Yield Curve** – The curve has significantly shifted from 2024, where we had an inverted yield curve, where lower rates are higher than longer rates. Currently, witnessing the steepening of the curve where lower rates are lower, but the long part of the curve is actually higher. Close observation is being paid to ensure it is being incorporated into NYPA's planning.
- **Revenues** – Remains strong with recurring trends, which are good. Others are more of non-recurring but are based on other factors, e.g. generation flow and weather.

➤ **2025 Year-End Projection**

- **Forecast** - Over \$100 million above budget.
- **Operating Expenses** – Approximately half derives from the operating side and the other half stems from the non-operating side with higher interest rates for longer.

➤ **2025 Merchant Gross Margin Trend**

Barsky noted that the snapshot indicates what the organization has experienced during the year.

- **Merchant Portfolio** – Modeling is performed on a daily basis, which constitutes an estimated third of the generation out of the hydro plants and fossil fuel plant.
- **Generation** – The beginning of the year, prices or generation running below budget. Models began to pick up during the progression of the year going into summer months. Prices increased, and generation numbers strengthened along with other impacts happening within the entire region.

- **Weather** – June and July demonstrated to be significantly higher in terms of cooling degree days than normal, and prices were much higher as a result of the increased demand also in terms of tightening of supply.
- **General Margins** – The over increasing general margins for the organization's generating facilities are broken out by the attributions towards the hydro facilities versus Distributed Generation (DG) and the peaker plants as well as Hudson Transmission Partners (HTP);
 - **DG** – Demonstrated a record year and was used more often due to the higher summer temperatures.
 - **HTP** – Performance was weaker due to the lack of imports of power that we would normally get when there are spikes in demand. Other regions. e.g. Canada and Environmental Justice Management (EJM) are also experiencing their own high demand and the availability of extra power being absent. This is an important clue for the organization to continue to focus on ensuring there is sufficient generating assets to meet New York's needs going forward.

➤ **Revitalize the Canals Major Program/Project Performance**

Barsky noted the snapshot indicates Canals major projects being undertaken.

- **Performance** - Each project is being actively tracked and updated monthly.
- **Madison River Reservoir** – A state-acknowledged high-priority infrastructure project, which was provided two rounds of \$50 million in funding. The first round was issued this year.
- **Funding Goal** - The intent is to secure a multi-year funding commitment to get things done more programmatically, efficiently and safely as the organization is attempting to undertake critical infrastructure projects.

➤ **Business Growth Accelerator – NYPA and Empire State Development (ESD) Collaboration**

- **Strategic Supply Management (SSM)** - Supplier diversity efforts have contributed to a number of events and expanding from now to year end.
- **LRC Construction and NYPA** - A recent collaborative focus event with LRC Construction emphasized participation opportunities for the Headquarters project with local small businesses and Minority Women Business Enterprise (MWBE) providers. LRC has made a significant commitment to provide a high percentage of participation from the MWBE, small business, and veterans' organizations.
- **NYPA and ESD** – This collaboration is for a capacity-building program that will help minority suppliers gain skillsets, gain certification with graduations expected in 2026 and enabling them to effectively compete for and hopefully attain some of the organization's future projects.

➤ **Project Luminate Update**

- The project is progressing well, and the new system is nearing the end of its design phase and partnership among the NYPA teams.

- The Authority is positioning itself for the technology that is becoming rapidly accessible. The use of Artificial Intelligence (AI) will enable work performance to be more efficient with less time spent on processing information, more time analyzing and providing decision support for management.
- The project remains on schedule.

➤ **Ratings Update**

- Meetings with rating agencies; two have issued and affirmed NYPA's ratings.
- There are still two outstanding that the team is awaiting.
- All of the numbers and measures being used to maintain a higher level of ratings are doing well, with good feedback.
- There were questions and discussions about the nuclear announcement. The organization explained the vision; there was interest and an understanding of the need and the direction the state is taking. Overall, we've gotten positive feedback. So far there is no pushback or challenge at this point.

1. Hydroelectric Preference Power Rates – Notice of Proposed Rulemaking - Resolution

Adam Barsky, Executive Vice President and Chief Financial Officer, presented the report.

➤ **Notice of Proposed Rulemaking (NOPR) to Modify Hydroelectric Preference Power Rates**

• **Background and History**

- In February 2025, a process was initiated to adjust the hydroelectric rates for NYPA preference customers.
- 51 municipal and cooperative systems, neighboring states, and host communities all receive the most favorable rates NYPA has to offer by statute.
- The Authority is committed to ensuring those rates are the lowest possible by the organization.
- There were issues and concerns raised that the adjustment may have been too much, too quickly.
- Within the last month or so, the organization paused, took a moment to re-evaluate, and re-engaged with various customer groups.
- Collaboratively exploring creative options to improve and make it easier to implement over time.
- The partnership produced a lot of good ideas; the end result was a signed off term sheet that worked for all involved.

Barsky noted that today's request to the Board is for the approval to file the notice of proposed rulemaking and commencement of the 60-day comment period. Numerous contractual changes are needed on how rates work,

and the methodology going forward in order to fit everyone's needs. The contracts will be more simplified, more transparent and easier for customers to verify and validate costs.

- **2026 Rate Plan - Two Major Factors**

1. **Phase-In Period** – A longer phase-in period would be implemented. Going from a four-year phase-in of the rate plan proposed in February 2025 to a six-year phase-in. This will help levelized and ensure there is no higher impact earlier than expected.
2. **Capacity Payments** – There is a methodology of how the capacity payments are shared when received to offset cost increases. This will be used to push in the impact of higher rates and costs as an offset.

- **The Updated Plan**

- Rates start at \$14.57, then increases by approximately \$1.69 per year,,
- The average customer according to Department of Public Service (DPS) or National Surveys, uses around 600 kilowatts per month and this raises their bill no more than one dollar a month.
- NYPA only makes up a portion of their total bill.
- Currently, there is a process to socialize this rate increase with all of the individual municipal utilities and co-ops regarding the details around it.
- The organization will be updating each contract the exact same way.
- Customers recognize the importance of hydropower and what it means for the state.
- Both co-op and host communities understand the need to preserve this power for decades to come, e.g. the \$1.1 billion Next Generation Niagara project is a major cost that has been paid for and preserves the power they currently receive.

- **Timeline for Preference Power Rate Change**

- The Authority will be returning to the board after 60 days.
- Public forums will be conducted.
- Comments will be received.
- Request for final approval will be presented at the December 9th Board Meeting based on the input and comments.

*On motion made by member Gonzalez and seconded by member Warren, Jr., was unanimously adopted.
(7-0)*

RESOLUTION

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file such notices as may be required with the Secretary of State for publication in the *New York State Register* and to submit such other notice as may be required by statute or regulation concerning the proposed Preference Power rate increase; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to schedule a public forum for the purpose of obtaining the views of interested persons concerning the Authority's proposed action to adjust the hydroelectric Preference Power rates, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Vice President – Economic Development & Key Account Management, or their designee be, and hereby is, authorized to issue written notice to affected customers of this proposed hydroelectric Preference Power rate action; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

d. Risk and Resiliency

i. Chief Risk and Resiliency Officer's Report

Alexis Harley, Senior Vice President, Chief Risk and Resiliency Officer, noted that the report provides an overview of the Canals Risk Management journey, its progress, and the measures taken to improve risk action since joining the Authority in 2017.

➤ Improving the Canals Risk Profile Since 2017

- The Authority utilizes a combination of strategies – mitigation, transfer, acceptance, avoidance, and opportunity pursuit – in order to take a comprehensive approach to risk management and optimize the organization's resources.
- This balanced approach not only helps to protect the organization from financial, operational, and reputational impacts, but also enables the Authority to execute on opportunities to drive benefits.
- In turn, building stakeholder confidence and aligning with strategic goals is keeping the organization resilient.

➤ Mitigation

• Actions Taken

- Canals has built a project portfolio heavily concentrated on the State of Good Repair with several hundred projects addressing the high-risk assets, e.g. Madison Dam Rehabilitation.

- NYPA and available New York State funds along with capital investments have supported and been essential to the mitigation journey.
- Governor Hochul shared her enthusiasm and support for the \$50 million in state appropriations for Canals.
- Combined with the increase in NYPA funding, the Canals capital investment program is three times greater than in 2017.
- Shared services with NYPA has provided best practices to support the Canals team.

- **Overview of Growth and Progress**

1. **Asset Management** – Building the program with NYPA that is now International Organization for Standardization (ISO) certified.
2. **Dam Safety** – Not only mitigates risk but strengthens compliance with Federal Energy Regulatory Commission (FERC) and Department of Environmental Conservation (DEC) regulations.
3. **Environmental Health and Safety** – Progress was previously discussed.
4. **Stakeholders Relations Management** – Helps to build trust and also helps to preserve and enhance the organization's reputation.

- **Risk Transfer/Share**

- **Actions Taken**

- Canals has enhanced collaboration with local emergency management and State agencies on emergency action plans, should there be an event or incident.
- Implementing general liability and property damage insurance, which was not in place before Canals joined NYPA.
- Divestments of assets such as terminal walls, old feeder canals and certain real property. For example, the Authority is working with Onondaga County to divest the Syracuse Inner Harbor, benefiting both the organization and the community.

- **Risk Acceptance/Monitor**

- **Actions Taken**

- In order to deem that the organization can accept a risk, it must first be identified and assessed.
- This needs to be done in a consistent way, following a common standard to NYPA's other business units.
- Canals now has a full and complete set of enterprise, operational, and asset risk registers.

- The use of scoring methodologies and processes consistent with NYPA and providing shared services with the Authority's risk and resilience team.
- A Canals-specific risk appetite was developed to gauge the exposures against so that it wasn't being unintentionally compared to NYPA with a very different business model.
- The enhanced governance of the established robust reporting and monitoring that they put in place are helping to make sure that the organization is within their acceptance levels of risks.
- Inspection rates have increased by over 180 percent since 2017, and Canals is working on leveraging technologies.
- An overview was shared to the Board earlier about the detective devices that are helping in real time, and the data that is monitored to help with the assets and respond expeditiously.

➤ **Risk Avoidance**

- **Actions Taken**

- Renewed VISION2030's long-term strategy was previously discussed, prioritizing critical infrastructure projects that focus on the organization's system resilience and improve public safety.
- Supplemented by third-party engineering studies, Canals is investigating every asset and sub-prioritizing within the portfolio to ensure that it addresses the highest risk assets first, potentially avoiding any future incidents.
- The water gauging systems across Canals are helping to accurately control water levels, avoiding potential flooding.

➤ **Risk Opportunity**

- **Actions Taken**

- Canals continues to seek opportunities that align with NYPA's mission.
- The Bi-Centennial celebration and the World Canals Conference is increasing public interaction, traffic and bringing many international visitors to the area.
- The navigation season has been extended this year, and the enhanced usage could increase risk however it is also bringing great community value, fresh ideas and outstanding best practices to consider.
- Partnering with third parties in order to increase public benefits – e.g. the Accessibility Education Program and the steps that are being taken to expand the reach of the Canals to more participants helping the nearby communities and businesses.

- **Three Key Takeaways**

1. There is no shortage of work being done across Canals in all risk response strategies, resulting in a substantially improved profile.

2. Risk management has become a part of Canals day-to-day operations, and its culture of risk management continues to mature.
3. Canals has progressed since 2017 and is well positioned for future risk mitigation activities.

e. Finance Committee Report

i. Finance Committee Recommendations for Approval:

The Finance Committee met on September 16, 2025, and adopted the resolutions set forth below. The Board of Trustees were requested to acknowledge receipt and consideration of the materials submitted to the Finance Committee and accept, approve, and adopt as Trustees the recommendations set forth in the resolutions of such committee.

1. Release of Funds in Support of the New York State Canal Corporation for Q4 2025

RESOLVED, that the Finance Committee hereby recommends that the New York Power Authority Board of Trustees authorize the release of up to \$27.0 million in funding to the Canal Corporation to support operations of the Canal Corporation in Q4 2025, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, dated February 24, 1998, as amended and supplemented (the "General Bond Resolution"), that the amount of up to \$27.0 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution of that the release of such amount is feasible and advisable; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that as a condition to making the payments specified in the foregoing report, on the day of such payments, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution; and be it further

2. Fleet Vehicles – Contract Award

RESOLVED, that the Finance Committee hereby recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, the award of six (6) five-year contracts to Bollinger Motors Inc., Global Lease Group, Inc., Lithia of Utica - 2 LLC, Mastrovito Auto Group, Inc., Nielsen Ford of Morristown, Inc., and Sarat Ford Sales, Inc. in the aggregate amount of \$53 million; and be it further

RESOLVED, that the Finance Committee recommends that the Trustees approve the Authority's use of Capital Funds, which may include proceeds of debt issuances, to finance the costs of projects; and be it further

RESOLVED, that the Finance Committee recommends that the Trustees declare in accordance with Treasury Regulation Section 1.150-2, the Authority's official intent to finance as follows: The Authority intends to reimburse to the maximum extent permitted by law with the proceeds of tax-exempt obligations to be issued

by the Authority, all expenditures made and which may be made in accordance with the Project described in the foregoing report of the President and Chief Executive Officer; and be it further.

3. Workforce Development – Funding Request

RESOLVED, that the Finance Committee recommends that the Authority's Board of Trustees approve funding for the DOL Workforce Training Initiative and the DOL Support Services Fund, as detailed in the foregoing Memorandum of the President and Chief Executive Officer (the "Memorandum"), for a total of \$12 million; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, dated February 24, 1998, as amended and supplemented (the "General Bond Resolution"), that the aggregate amount of \$12 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution and that the release of such amount is feasible and advisable; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that as a condition to making the payments specified in the foregoing Memorandum, on the day of such payments, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution; and be it further

4. Authorization to Enter Into an Intercompany Loan Agreement with New York Renewable Energy Development Holdings Corporation

RESOLVED, that the Finance Committee recommends that the New York Power Authority's (the "Authority") Board of Trustees authorize the execution, delivery and performance of an Intercompany Loan Agreement with New York Renewable Energy Development Holdings Corporation, a wholly-owned subsidiary of the Authority incorporated under the New York State Business Corporation Law, in an amount not to exceed \$100,000,000; and be it further

RESOLVED, that the Finance Committee recommends that the New York Power Authority's Board of Trustees declare in accordance with Treasury Regulation Section 1.150-2, the Authority's official intent to finance as follows: The Authority intends to reimburse to the maximum extent permitted by law with the proceeds of tax-exempt obligations to be issued by the Authority, all expenditures made and which may be made in accordance with the projects described in the foregoing report of the President and Chief Executive Officer; and be it further

➤ Board Acceptance of Finance Committee Recommendations

On motion made by member Cusick and seconded by member Warren, Jr., the Board unanimously adopted the following resolution:

RESOLVED, that the Trustees acknowledge receipt and consideration of the materials submitted to the Finance Committee on September 16, 2025, and accept, approve, and adopt as Trustees the recommendations set forth in the resolutions of such committee as set forth in the foregoing report of the President and Chief Executive Officer.

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all

things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate each of the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

f. Risk and Resiliency Committee Report

Cecily Morris, Chair of the Risk and Resiliency Committee, noted that the Committee met on September 16, 2025. Chief Risk and Resiliency Officer Alexis Harley introduced the four agenda items:

1. The mid-year enterprise risk assessment results
2. Merchant hedging strategy and credit risk update
3. Cyber security update
4. A deep dive into how shared services have benefited the Canals risk profile

➤ **Reports Presented**

- **Mid-Year Enterprise Risk**- Vice President of Enterprise and Operational Risk Tom Spencer presented the mid-year Enterprise Risk report. Though two NYPA enterprise risks had slight increases in score, all remain within an acceptable residual risk range and within risk appetite.
 - The Canals enterprise risk profile had two risk scores shift down from high to medium. As a result, there are no Canals enterprise risks in the high residual risk range for the first time since 2017, when Canals joined NYPA.
 - A pilot methodology for a way to capture opportunities in relation to enterprise risk and risk appetite was also presented. With support from the Enterprise Portfolio Management Office, Risk Management will be expanding the pilot to the rest of the enterprise risk portfolio.
- **Risk Team Oversight** - Senior Director of Market and Credit Risk Earl Faunlagui presented an update focused on the Risk Team's oversight role ensuring governance, compliance, and conformance to the merchant hedging strategy. Faunlagui noted the addition of two Standards and Poor's (S&P) Rated A- entities to our portfolio for enhanced diversification.
- **Merchant Hedging Strategy** - Senior Director of Energy Portfolio Management Dennis Chang presented the execution of the merchant hedging strategy. Heading into Q4 2025, NYPA anticipates reaching the targeted hedging percentages for 2026 to 2028.
- **Cyber Security** - Vice President and Chief Information Security Officer Vic Costanza presented the cyber security update. Costanza noted that despite the increasing overall threats and vulnerabilities NYPA is seeing in the external environment, NYPA and Canals have not been impacted due to the proactive controls and mitigation measures already in place.
- **Risk Management** - Senior Vice President and Regional Manager Dave Mellen presented on risk management progress, performance improvement, the team's work on consolidating data on the Canals, understanding the history, documenting current conditions, and outlining what's needed for the future. The following are the four key functional areas aided by NYPA Shared Services:
 1. Asset Management
 2. Dam Safety
 3. Environmental Health and Safety
 4. Public, Government & Media Relations

Chair Morris noted that the minutes for the meeting held on January 28, 2025, were adopted and there was discussion about the next Risk & Resiliency Committee Meeting taking place in 2026.

3. CONSENT AGENDA

On motion made by member Cusick and seconded by member Morris, all items on the Consent Agenda and the following resolutions were unanimously adopted (7-0), with the exception of item 3a vii (6-0-1), from which Chair Koelmel abstained.

a. Customer Solutions

i. Expansion Power Allocation and Hydropower Allocation Modifications --- Resolution

RESOLUTION

RESOLVED, That an allocation of 4,190 kilowatts ("kW") of Expansion Power ("EP") to Upstate Niagara Cooperative, Inc. ("Upstate Niagara") for a term of ten years, to support the company's proposed expansion at 3300 North America Drive, West Seneca, New York, as detailed in the foregoing memorandum of the President and Chief Executive Officer ("Memorandum"), be, and hereby is, approved, subject to rates previously approved by the Board of Trustees; and be it further;

RESOLVED, That modifications to existing Replacement Power ("RP") allocations made to Unifrax I LLC ("Unifrax"), resulting in a total combined RP allocation of 10,605 kW to be served under Service Tariff No. WNY-2 through December 31, 2028, for use at both Tonawanda facilities and the Sanborn site, together with the associated job and capital investment commitments as described in the foregoing Memorandum, be, and hereby are, approved; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

ii. Recommendation for Award of Fund Benefits from the Northern New York Economic Development Fund by the Northern New York Power Proceeds Allocation Board – Resolution

RESOLUTION

WHEREAS, the Northern New York Power Proceeds Allocation Board ("Allocation Board") has recommended that the Authority make an award of Fund Benefits from the Northern New York Economic Development Fund ("Fund") to Vecino Group New York, LLC ("Vecino Group"), which is more particularly described in the accompanying Memorandum of the President and Chief Executive Officer ("Memorandum") and the other information referred to therein;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby accepts the recommendation of the Allocation Board and authorizes an award of Fund Benefits to Vecino Group in the amount recommended in the attached Memorandum and other information referred to therein, subject to the execution of an agreement between the Authority and applicant on the final terms and conditions that would be applicable to the award, and set forth in a written award contract ("Award Contract") between the Authority and the applicant, approved

by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel or such official's designee, as to form; and be it further

RESOLVED, that the EVP Chief Operating Officer, or such official's designee, is authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and be it further

RESOLVED, that the Senior Vice President for Customer Solutions, or such official's designee, is authorized to execute on behalf of the Authority an Award Contract for this award, subject to the foregoing conditions; and be it further

RESOLVED, that the Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Senior Vice President for Customer Solutions, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

iii. Extension of Hydropower Contracts with Upstate Investor-Owned Utilities for the Benefit of Rural and Domestic Consumers – Final Approval and Transmittal to the Governor -- Resolution

RESOLUTION

RESOLVED, That the proposed contract extensions ("2025 Amendments") attached to the accompanying Memorandum of the President and Chief Executive Officer are approved; and be it further

RESOLVED, That the 2025 Amendments be submitted to the Governor for review and approval, in accordance with Public Authorities Law § 1009, and, upon such approval, the Authority is authorized to execute the 2025 Amendments; and be it further

RESOLVED, That copies of the 2025 Amendments be forwarded to the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee, in accordance with Public Authorities Law §1009; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation, to do any and all things, take any and all actions, and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

iv. Contracts for the Sale of Hydro Power – Final Approval and Transmittal to the Governor - Resolution

RESOLUTION

RESOLVED, That the contract for the sale of 2,080 kilowatts ("kW") of Expansion Power ("EP") to Deckorators, Inc., the contract for the sale of 630 kW of EP to Food Nerd Inc., and the contract for the sale of 1,290 kW of EP to Polaris Cold Storage Corporation (collectively, the "Contracts"), are in the public interest and hereby approved; and be it further

RESOLVED, That in accordance with Public Authorities Law §1009, the Contracts shall be submitted to the Governor for her review and to seek her authorization for the New York Power Authority ("Authority") to execute the Contracts, and copies of the Contracts, along with the record of the public hearing thereon, shall be

forwarded to the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee; and be it further

RESOLVED, That the Chair and the Corporate Secretary are authorized and directed to execute such Contracts in the name of, and on behalf of, the Authority upon the Governor's approval of the Contracts; and be it further

RESOLVED, That the Senior Vice President – Customer Solutions, or her designee, is authorized, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to negotiate and execute any and all documents necessary or desirable to implement the Contracts, consistent with the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

v. Contract for the Sale of Preservation Power to Alcoa USA Corp - Final Approval and Transmittal to the Governor --- Resolution

RESOLUTION

RESOLVED, That the contract for the sale of 240 megawatts of Preservation Power to Alcoa USA Corp, ("Contract") is in the public interest and hereby approved, and in accordance with Public Authorities Law § 1009, the Contract shall be submitted to the Governor for her review and to seek her authorization for the Authority to execute the Contract, and copies of the Contract, along with the record of the public hearing thereon, shall be forwarded to the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee; and be it further

RESOLVED, That the Chair and the Corporate Secretary be authorized and directed to execute such Contract in the name of and on behalf of the Authority upon the Governor's approval of the Contract; and be it further

RESOLVED, That the Senior Vice President – Customer Solutions, or her designee, be, and hereby is, authorized, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to negotiate and execute any and all documents necessary or desirable to implement the Contract, as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

vi. Transfer of ReCharge New York Power Allocations – Resolution

RESOLUTION

RESOLVED, That the transfer of a 180 kilowatt (“kW”) allocation of Recharge New York (“RNY”) Power awarded to Hebeler LLC, for use at its facility located at 2000 Military Road, Tonawanda, New York 14150, to CPEG Buffalo LLC, as described in the foregoing memorandum of the President and Chief Executive Officer (“Memorandum”) be, and hereby is, approved, subject to (1) such terms and conditions set forth in the foregoing Memorandum, and (2) such terms and conditions as may be required by the New York Power Authority (“Authority”) in contract documents prepared by the Authority to effectuate the transfer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to take any and all actions and execute and deliver any and all agreements, certificates and other documents necessary to effectuate the foregoing resolution, subject to approval of the form thereof by the Executive Vice President and General Counsel.

vii. Recommendation for the Award of Fund Benefits from the Western New York Economic Development Fund by the Western New York Power Proceeds Allocation Board – Resolution

RESOLUTION

WHEREAS, The Western New York Power Proceeds Allocation Board (“Allocation Board”) has recommended that the Authority make an award of Fund Benefits from the Western New York Economic Development Fund to Ralph Wilson Park Conservancy, Inc. (“Conservancy”), Shea’s O’Connell Preservation Guild Ltd. (“Shea’s”) and Buffalo Society of Natural Sciences (“Museum”), for the reasons set forth in the accompanying Memorandum of the President and Chief Executive Officer (“Memorandum”) and the other information referred to therein;

NOW THEREFORE BE IT RESOLVED, that the Authority hereby accepts the recommendation of the Allocation Board and authorizes award of Fund Benefits to the Conservancy, Shea’s and the Museum in the amounts recommended in the attached Memorandum, for the reasons set forth in the attached Memorandum and other information referred to therein, conditioned upon agreements between the Authority and the Conservancy, Shea’s and the Museum, on the final terms and conditions that would be applicable to the awards, as set forth in a written award contract (“Award Contract”) between the Authority and the applicants, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or such official’s designee, as to form; and be it further

RESOLVED, That the Executive Vice President and Chief Operating Officer, or such official’s designee, is authorized to negotiate with the applicant concerning such final terms and conditions applicable to the award; and be it further

RESOLVED, That the Senior Vice President for Customer Solutions, or such official’s designee, is authorized to execute, on behalf of the Authority, an Award Contract for the award, subject to the foregoing conditions; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Senior Vice President for Customer Solutions, and any other officer of the Authority, are each hereby authorized to take any and all actions, and to execute and deliver any and all agreements,

certificates and other documents, on behalf of the Authority, as may be necessary or appropriate to effectuate the foregoing resolutions.

viii. Extension of the Industrial Incentive Award to Pratt Paper (NY), Inc. and Economic Development Plan – Resolution

RESOLUTION

RESOLVED, That the Authority hereby approves an extension to the term of the Industrial Incentive Award previously awarded to Pratt Paper (NY), Inc. to May 31, 2026, as described in the foregoing memorandum of the President and Chief Executive Officer, contingent upon the Economic Development Power Allocation Board approval of the requested extension of the Plan; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

b. Procurement (Services) Contracts

i. Procurement (Services) and Other Contracts – Business Units and Facilities – Awards, Extensions, and/or Additional Funding – Resolution

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Canal Corporation, the award and funding of the multiyear procurement services contracts referenced hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as set forth in the memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Canal Corporation, the contracts referenced hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as set forth in the memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

ii. NYPA Fleet Vehicles and Electric Vehicle Training Tools – Transfer of Ownership to Educational Institutions in New York State – Resolution

RESOLUTION

RESOLVED, That pursuant to Title 5-A of Article 9 of the Public Authorities Law and the Authority's Guidelines for the Disposal of Personal Property, the Board of Trustees hereby approve the transfer of ownership of NYPA Fleet Vehicles and Electric Vehicle Training Tools for less than fair market value to State University of New

York Oswego, Columbia-Greene Community College, State University of New York Rockland Community College, Mount Vernon High School, Utica Career and Technical Education Center, Saunders Trades and Technical High School, Rockland Board of Cooperative Educational Services, and Resilience Education Training Innovation Center as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further.

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

c. Governance Matters

i. Approval of the Minutes of the Joint Power Authority of the State of New York and New York State Canal Corporation held on July 29, 2025

4. NEXT MEETING

The next meeting of the Joint Meeting of the New York Power Authority Board of Trustees and New York State Canal Corporation Board of Directors will be held on Tuesday, December 9, 2025.

Adjournment

The meeting was adjourned by member Wheelock and seconded by member Gonzalez at approximately 11:23 a.m.



Karen Delince
Vice President and Corporate Secretary

RESOLUTION

Whereas, Brian U. Stratton has worked tirelessly and skillfully as Director of the New York State Canal Corporation since his gubernatorial appointment in April 2011 to the top position in which he has been the public face of Canals in engaging stakeholders and more than 200 upstate communities along the 524-mile New York State Canal system. This work covered all facets of the Erie, Champlain, Oswego, and Cayuga-Seneca canals and the maximum priority of the Canal Corporation and its parent organization, the New York Power Authority, to ensure the safety, resilience and operational excellence of the Canal system; and

Whereas, Mr. Stratton made major contributions to the Canal system only months into the job following Hurricane Irene and Tropical Storm Lee in 2011 that caused extensive damage to the Erie Canal’s infrastructure in the Mohawk Valley. It led to herculean rebuilding efforts under his watch, including hardening infrastructure and enhanced operating protocols for extreme weather events; and

Whereas, Mr. Stratton’s leadership, particularly his attention to detail and high-level preparation for events and speaking engagements, contributed to the public’s appreciation of the value of the Canal system for inland navigation of marine vessels, economic development, tourism and recreation; and

Whereas, Mr. Stratton’s personal touch on countless matters led to the coinage of the term “Strattonize,” reflecting his impact and influence throughout Canals. His individualized approach and thoroughness made him highly respected by elected officials and other stakeholders in Canal communities, and was also evident in his interactions with Canal staff in which he fostered camaraderie and a supportive work culture of trust and respect; and

Whereas, Mr. Stratton served as a member of the Governor’s cabinet, keeping the Chamber informed of the latest Canal developments, not to mention his making many presentations at meetings of the NYPA Board of Trustees and Canal Corporation Board of Directors for their oversight of the agency; and

Whereas, Mr. Stratton provided outstanding leadership for the prodigious success of the Erie Canal Bicentennial as co-chair of Governor Kathy Hochul’s Erie Canal Bicentennial Commission in the planning, development and carrying out of various events to mark the 200th anniversary of the opening of the original iconic waterway; and

Whereas, the commemoration reached its pinnacle with the 2025 World Canals Conference in Buffalo in September, bringing together an international audience of canal enthusiasts, historians and waterway experts for a week-long event. Mr. Stratton played a prominent role as a speaker and host to the approximately 475 registered delegates from 10 countries and 22 U.S. states; and

Whereas, Mr. Stratton was one of more than 200 volunteers in a multiyear construction at the Buffalo Maritime Center of the Erie Canal Boat Seneca Chief, a 40-ton replica vessel that reenacted Governor DeWitt Clinton’s inaugural journey on the Erie Canal and Hudson River in 1825, from Buffalo to New York Harbor. Mr. Stratton also played a crucial part in the Buffalo Canalside sendoff on Sept. 24 of the replica boat on its 33-day voyage, which included stops in canalside communities; and

Whereas, Mr. Stratton’s passion for Canals included his support of underwater archaeological surveys of the bed of Seneca Lake. Using advanced sonar and other high-tech equipment, the surveys resulted in never-before-seen images of 19th century shipwrecks in some of the deepest lake areas and valuable insights into the history of the Erie Canal; and

Whereas, Mr. Stratton was instrumental in the Canal system being designated a National Historic Landmark in 2017, and, looking to the future, helped bring forth the 2050 Plan, a long-range vision of the Canal Recreationway Commission, an advisory group established by the New York State Legislature, articulating a cohesive approach for improving access, amenities and experiences along the Canal system; and

Whereas, Mr. Stratton, as mayor of Schenectady from 2004 to 2011, reversed the city’s financial problems, returning its municipal credit rating to investment grade, and is still referred to by those working closest with him by the honorific “Mayor;” and

Whereas, Mr. Stratton came to public service naturally as the son of a longtime upstate congressman, Samuel S. Stratton, whose district contained much of today’s Canal system and for whom Stratton Air National Guard Base in Scotia and Albany Stratton VA Medical Center are named; and

Whereas, Mr. Stratton, an avid cyclist and skier and brewery aficionado, is retiring at the end of December following his highly accomplished and meritorious service;

Now, Therefore Be It Resolved, That the Trustees of the Power Authority of the State of New York and Canal Corporation Board of Directors convey their deepest gratitude to Brian U. Stratton for his leadership of the Canal Corporation and wish him the very best in his active retirement and a happy, healthy and rewarding future.



December 9, 2025

Next Meeting

The next meeting of the New York Power Authority's Trustees and the Canal Corporation's Board of Directors is scheduled to be held on Tuesday, February 3, 2026, unless otherwise designated by the Chairman with the concurrence of the members.