

ATTACHMENT B

Blacklined version of First Revised Service Agreement No. 1742
showing proposed amendments

**AMENDED AND RESTATED AGREEMENT
FOR THE RETAIL TRANSMISSION
OF REPLACEMENT POWER**

Between

**NIAGARA MOHAWK POWER CORPORATION
D/B/A NATIONAL GRID**

And

THE POWER AUTHORITY OF THE STATE OF NEW YORK

**AMENDED AND RESTATED AGREEMENT
FOR THE RETAIL TRANSMISSION
OF REPLACEMENT POWER**

Between

**NIAGARA MOHAWK POWER CORPORATION
D/B/A NATIONAL GRID**

And

THE POWER AUTHORITY OF THE STATE OF NEW YORK

AGREEMENT made on the 10th day of February, 1961, as amended and restated herein, by and between POWER AUTHORITY OF THE STATE OF NEW YORK, created pursuant to Chapter 772 of New York Laws of 1931 and existing under Title 1 of Article V of the Public Authorities Law, having its office and principal place business at 30 South Pearl Street, 10th Floor, Albany, New York 12207 (herein referred to as “Authority”), and NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID, a corporation organized and existing under the laws of the State of New York, having its offices located at 300 Erie Boulevard West, Syracuse, New York 13202, and the Power Authority of the State of New York (herein referred to as “Contractor” or “Niagara Mohawk”).

WITNESSETH:

In consideration of the mutual covenants and agreements of the parties hereinafter provided, the parties hereto mutually covenant and agree as follows:

ARTICLE I.

DEFINITIONS

The following definitions shall apply for all the purposes of this Agreement:

- (a) *Project* is the Niagara hydro-electric power development of Authority.
- (b) *Firm Power* (kilowatts) is power which is intended to be always available subject to the limitations hereinafter provided and to the “General Power Contract Provisions” attached hereto. (Firm power shall not include peaking power.)
- (c) *Firm Energy* (kilowatt-hours) is the energy associated with firm power.
- (d) *Replacement power* is Project firm power made available by Authority to Contractor pursuant to Public Law 85-159 and any provisions of New York law hereinafter adopted to authorize the sale of replacement power to industrial or business

customers for economic development purposes to replace power formerly produced by Contractor in its Adams and Schoellkopf plants. The replacement power customers to whom such power is sold by Contractor and the amounts sold to each shall be approved by Authority.

(e) *Replacement power customer* means an industrial or business consumer purchasing replacement power generated by the Authority and delivered by Contractor to such customer in accordance with Public Law 85-159 and any provisions of New York law hereinafter adopted to authorize the sale to industrial or business customers for economic development purposes.

(f) *Billing period* is a calendar month.

(g) *Schedule NP-F1* is the Authority's schedule NP-F1 establishing rates and charges for firm power and energy sales from the Niagara Project as modified and in effect from time to time.

(h) *Agreement* is this ~~Original~~ Service Agreement No. 1742, consisting of only those portions of the contract between the Authority and the Contractor dated February 10, 1961 ("Original Contract NS-1") providing for the bundled purchase, sale and retail transmission of replacement power to eligible customers of the Authority as provided herein.

(i) *Contract NS-1* is all of the provisions of Original Contract NS-1 that are not incorporated in this Agreement or superceded by any other agreement between the Authority and the Contractor, including without limitation those portions of Original Contract NS-1 providing for the purchase of unbundled replacement power and energy that is not transmitted, delivered and resold under this Agreement.

(j) *Existing Allocations* are those allocations of replacement power listed on Attachment A to Exhibit A to this Agreement, as amended, extended or replaced and in effect from time to time as authorized in Article II of this Agreement.

(k) *New Allocations* are all allocations of replacement power that are not Existing Allocations.

(l) *NYISO* is the New York Independent System Operator, Inc. or any successor thereto.

(m) *Rate Plan Period* is the Rate Plan Period established by Contractor's Merger Joint Proposal filed with and approved by the New York State Public Service Commission in its Opinion No. 01-6 issued December 3, 2001 in Case 01-M-0075.

ARTICLE II.

ELECTRIC SERVICE TO BE FURNISHED

(a) Authority shall make available to Contractor and Contractor shall take and pay for replacement power and energy associated with Existing Allocations in accordance with the terms and conditions herein provided. Authority shall continue to supply, and Contractor shall continue to purchase, the remainder of the 445,000 kilowatts of replacement power to which Contractor is entitled under Contract NS-1 under the provisions of said Contract NS-1 governing such power sales and not under the provisions of this Substitute First Revised Rate Schedule FERC No. 19, which shall henceforth be limited to purchase, retail transmission, delivery and resale of replacement power and energy associated with Existing Allocations.

(b) In the event that Authority shall determine at any time that there is an insufficient supply of firm energy available for sale by Authority to permit Contractor to take firm energy in unrestricted amounts, Authority shall have the right during any such period of insufficient supply occurring in any calendar month to restrict Contractor's taking firm energy associated with replacement power to an amount equal to the product of (A) the number of hours in such period, (B) the contract demand for replacement power and (C) the actual load factor at which such energy is delivered to Contractor's replacement power customers in the month or 95%, whichever is higher. Any restriction in excess of the above shall be construed to be a curtailment of electric service subject to billing adjustment.

(c) Replacement power and energy associated with New Allocations of replacement power shall not be purchased, transmitted, delivered or resold under the provisions of this Agreement. Instead, the transmission and delivery of such New Allocations shall be governed in all respects by the provisions of Part IV of NYISO's Open Access Transmission Tariff accepted by the Federal Energy Regulatory Commission ("FERC") and in effect from time to time, or any successor tariff ("OATT") and Contractor's Retail Tariff P.S.C. No. 207 – Electricity approved by the New York State Public Service Commission ("the PSC") and in effect from time to time, or any successor tariff ("Retail Tariff").

(d) The Authority and the Contractor agree that Contractor's bundled purchases, resales, retail transmission and deliveries of replacement power to replacement power customers eligible to receive such bundled retail transmission service shall henceforth be governed by this Agreement and not by Contract NS-1, and that all of Contractor's purchases and resales of unbundled replacement power which are not subject to FERC's jurisdiction under the Federal Power Act, including its purchases of replacement power for resale to its Rural and Domestic Customers and any purchases of replacement power and energy for resale pursuant to New Allocations under the existing provisions of Contract NS-1 or under such other agreements governing such unbundled purchase and resales as may be in effect between Contractor and the Authority from time to time, shall henceforth be governed by Contract NS-1 and not by this Agreement, provided, however that under any such agreement due regard shall be taken of all purchases and sales of replacement power and energy under this Agreement. The Authority and the Contractor further agree that their removal of the non-jurisdictional provisions of what is now

Contract NS-1 from this Agreement is not intended to and does not affect in any way the continuing validity and enforceability of Contract NS-1, which shall remain a valid and enforceable contract between the Authority and Contractor governing such non-jurisdictional power purchases and sales under Public Law 85-159 and New York law.

(e) No Existing Allocation as to which the Authority has agreed in writing on or before September 1, 2003 to provide such replacement power customer with the right to extend its Existing Allocation(s) beyond the expiration of Contract NS-1 or to replace its expiring Existing Allocation(s) with one or more newly issued allocations of equivalent amounts of replacement power upon the expiration of the term of its Existing Allocation(s) or any extended term thereof shall be regarded as a New Allocation as a result of:

(i) the extension of such Existing Allocation without increasing the amount of replacement power to be delivered thereunder and without modification to the customer or the premises where such replacement power is to be delivered and used (provided however that transfers and assignments of allocations from a customer premises/location on Contractor's system, such as a change in ownership/occupancy of a premises/location, will not be deemed "new"); or

(ii) the replacement of any such expiring Existing Allocation with one or more newly issued allocation(s) made to the same customer, in the same or lesser amount, and for delivery to and use in the same premises (provided however that transfers and assignments of allocations from a customer premises/location on Contractor's system, such as a change in ownership/occupancy of a premises/location, will not be deemed "new").

(f) A customer with one or more Existing Allocation(s) may receive one or more New Allocation(s) and/or one or more Additional or New Allocations of expansion power (as defined in Contractor's Rate Schedule FERC No. 159), without causing its Existing Allocations of replacement power to be classified as New Allocations hereunder.

ARTICLE III.

DELIVERY AND METERING

1. Delivery

Replacement Power and energy sold pursuant to this Agreement shall be made available by Authority and accepted by Contractor at Authority's Niagara Switchyard at 115 and 230 kilovolts, as three-phase current alternating at a frequency of sixty cycles per second. The availability of replacement power and energy contracted for at the stated nominal voltages and frequency at the agreed-upon points of delivery (less losses in transmission between Authority's Niagara Switchyard and such points of delivery) shall constitute delivery of replacement power and energy by Authority to Contractor for the purposes of this Agreement.

2. Reactive Power

Neither party will be required to deliver to, or accept from, the system of the other, any magnetizing reactive power except that Authority shall, if requested by Contractor, supply for each replacement power customer the number of kilovars represented by the difference between unity power factor and the higher of (i) such customer's actual average power factor for the preceding month, or (ii) 90% power factor, lagging, computed as though measured at Authority's Niagara Switchyard. Contractor and Authority will each exercise due diligence in the operation of its own system so as to maintain a flow of reactive power to and at the point, or points, of system interconnection which, according to good engineering and operating practices, is reasonable and proper for the purpose of maintaining satisfactory voltage levels at all such points. In furtherance of this objective, each party will normally supply its own system requirement of reactive power and will provide proper and adequate facilities to meet such requirement; provided that either party will make available to the other on request an appropriate share of all magnetizing reactive power which its generating units can produce beyond the amounts specifically obligated under this Agreement and other contracts; and provided further, that either party may deliver excess magnetizing reactive power on its system to the other party at the sole discretion of the other party.

3. *Metering*

The parties hereto will agree upon the metering equipment to be installed at each interconnection between their respective systems and on the point of its installation. Such equipment will be provided, maintained, operated and tested by the party on whose premises it is located. All deliveries and receipts between the parties, as determined from the meter readings, from schedules of deliveries and from other data, will be adjusted for losses in transmission and transformation to the equivalent of amounts at Authority's Niagara Switchyard at Authority's delivery voltages to Contractor.

ARTICLE IV.

PAYMENT BY CONTRACTOR

1. Contractor shall pay for replacement power and associated energy purchased under this Agreement during any billing period the sum of (a), (b) and (c) below:

(a) The capacity charge per kilowatt for replacement power specified in Schedule NP-F1 or any modification thereof, applied to Contractor's billing demand for replacement power associated with Existing Allocations for the period;

(b) The energy charge specified in Schedule NP-F1 or any modification thereof, applied to the amount of firm energy delivered to Contractor during such billing period by Authority for resale pursuant to Existing Allocations; and

(c) The charge specified in Schedule NP-F1 or any modification thereof for the recovery of transmission and NYISO costs incurred by the Authority with respect to energy delivered to replacement power customers under this Agreement ("the NYISO Charges"), including without limitation the charges imposed on the Authority by Special

Provisions I and J of Exhibit B hereto, applied to the amount of firm energy delivered to Contractor for resale pursuant to Existing Allocations during such billing period, provided however that nothing in this Agreement shall be regarded as limiting in any way the right of any individual replacement power customer to challenge the Authority's right to impose such charges under the Authority's own rate-making procedures under New York law.

2. The rates contained in the rate schedules referred to in this Article IV (or in any modification of any such schedule) will apply at Authority's Niagara Switchyard. Where replacement power and energy is delivered to Contractor elsewhere, appropriate adjustments of meter readings will be made to compensate for transmission losses.

3. To the extent that the Authority includes all or any part of the NYISO Charges in the charges it imposes on Contractor for replacement power delivered and sold to replacement power customers under this Agreement and Contractor is thereafter unable to recover such NYISO Charges from any replacement power customer after exercising diligent efforts, which shall include pursuit of Contractor's remedies for customers not paying their bills when due, but shall not include any obligation to commence or defend any litigation concerning the validity of such charges, which litigation shall be the Authority's sole responsibility, the Authority shall refund such unpaid NYISO Charges to Contractor and Contractor shall assign, pledge or otherwise transfer to the Authority a security interest in all of Contractor's rights to collect such unpaid NYISO Charges. The security interest assigned to the Authority hereunder shall be absolute and unconditional, but shall not confer any rights on the Authority with respect to the collection by Contractor of any other amounts due to Contractor under this Agreement, which shall also be absolute and unconditional. Contractor shall have no authority to adjust, settle or compromise the amount or payment owed by any replacement power customer for such charges without the written concurrence of the Authority, and the Authority shall have no authority to adjust, settle or compromise any other amount or payment owed by any such replacement power customer to Contractor under this Agreement without Contractor's written concurrence. All revenues received by Contractor from any such replacement power customer shall be applied beginning with the oldest outstanding invoice first. With respect to any invoice that is only partially paid, all money received as payment shall be allocated between the NYISO Charges and all other charges on such invoice, including any applicable late fees, on the basis of the ratio that such charges bear to the total charges assessed in that invoice.

ARTICLE V.

RESALE OF REPLACEMENT POWER

Contractor shall resell the replacement power made available to it to replacement power customers in accordance with Public Law 85-159 and any provisions of New York law hereinafter adopted to authorize the sale of replacement power to industrial or business customers for economic development purposes. In connection with the resale of replacement power Contractor shall not impose conditions which, in the judgment of Authority, are unreasonable. Contracts for the sale of replacement power shall be in a form acceptable to Authority and shall contain the substance of the provisions set forth in Exhibit B. The transmission and delivery charges and the loss allowances therein provided shall be subject to review and redetermination quinquennially, provided however that no change to such transmission and delivery charges or loss allowances shall be proposed or made by either the Contractor or the Authority to be effective prior to January 1, 2012.

ARTICLE VI.

DELIVERY OF ELECTRIC ENERGY TO CONTRACTOR FOR REDELIVERY TO CUSTOMERS OF AUTHORITY

1. Authority, under the terms and conditions established herein, will furnish replacement power as three phase alternating current at a nominal frequency of 60 cycles per second into Contractor's transmission system at delivery points and nominal voltages in effect pursuant to Article III hereof, or at such other points and voltages as may be agreed upon by Authority and Contractor.

2. Replacement power will be furnished and delivered to Contractor under this Agreement in such amounts and at such rates of delivery as are from time to time required by Authority and its customers, taking into consideration losses in transmission.

ARTICLE VII.

ASSIGNABILITY

Except in the event of merger, consolidation, or sale of all, or substantially all, of the assets of Contractor devoted to the production, transmission, distribution and sale of electricity, no voluntary transfer of this Agreement or of the rights of the Contractor thereunder shall be made without the written approval of the Authority; provided, that any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all of the provisions and conditions of this Agreement to the same extent as though such successor or assignee were the original Contractor hereunder, and provided further, that the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this Article.

ARTICLE VIII.

SUPPLEMENTARY PROVISIONS

1. The “General Power Contract Provisions” attached hereto as Exhibit A are hereby incorporated as part of this Agreement with the same force and effect as if herein set forth at length, except that to the extent that any provision of such “General Power Contract Provisions” (other than those contained in paragraph S) is inapplicable, it is hereby excluded, or if inconsistent with or modified by the provisions of this Agreement, the latter shall be controlling.

2. This Agreement is intended to supercede the provisions of Contract NS-1 between the Authority and the Contractor solely with respect to the purchase, resale, and retail transmission of replacement power and energy associated with Existing Allocations. Nothing contained herein shall be construed as modifying or affecting in any way any other rights or obligations which may be established in said Contract NS-1, including without limitation the provisions thereof governing: (i) the sale of replacement power to Contractor for resale to its retail customers generally and not for delivery to specified replacement power customers pursuant to this Agreement; or (ii) the sale to Contractor for resale of replacement power and energy associated with New Allocations.

3. This Agreement is not intended to and does not create any third party beneficiaries with respect to any of the transmission services provided hereunder.

4. The Authority acknowledges and agrees that Contractor makes no warranties of any kind with respect to the billing and usage data supplied by Contractor, including without limitation any warranties of merchantability or fitness for intended use.

5. In no event shall Contractor be liable for any incidental, consequential or punitive damages caused by or arising from Contractor’s provision of, failure to provide, delay in providing, or errors in all of any part of the billing and usage data which Contractor agrees to provide under this Agreement.

6. The provisions of sections 3, 4 and 5 of this Article VIII shall survive the expiration or termination of this Agreement.

ARTICLE IX.

TERM OF CONTRACT

This amended and restated Agreement shall become effective upon the effective date of its approval or acceptance by FERC and shall remain in effect through and until December 31, 2012, ~~unless further extended by written agreement of the Authority and Contractor. Authority agrees to waive any right it may have to terminate the retail transmission provisions of this Agreement prior to the expiration of the Rate Plan Period, provided however that Authority may terminate this Agreement upon expiration of the Authority's existing license for the Niagara Power Project if such license is not renewed or extended on terms allowing the continuation of service hereunder.~~

ARTICLE X.

HYDROLOGIC CONDITIONS

In the event that deliveries of replacement power by the Authority are less than 445,000 kilowatts due to hydrologic conditions, and except for periods when NYISO is operating under Adverse Conditions or in an Emergency State, as provided in Sections 5.4 and 5.5 of NYISO's Control Area and Market Services Tariff respectively, Contractor will fully curtail its deliveries of replacement power to its Rural and Domestic customers before curtailing any deliveries of replacement power to replacement power customers.

ARTICLE XI.

STANDARD OF REVIEW

Absent the written agreement of all of the parties to the Agreement Regarding Treatment of Allocations of New York Power Authority Expansion Power and Replacement Power Beginning January 1, 2012 and Thereafter, dated September 29, 2011, Settlement filed on April 21, 2004 in FERC Docket Nos. ER03-989-000, ER03-990-000, ER03-991-000 and ER03-992-000 (“the Sponsoring Parties”) ~~the standard of review for any and all changes to any of the provisions of Articles I, II, IV, V, VIII, IX, or XI of this Agreement, to any of the provisions of Attachment A to Exhibit A to this Agreement, or to any of the provisions of Exhibit B to this Agreement, proposed by any of the Sponsoring Parties to be effective during the Rate Plan Period shall be the “public interest” standard of review set forth in United Gas Pipeline Co. v. Mobile Gas Services Corp., 350 U.S. 322 (1956), and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 345 (1956) (the “Mobile Sierra” doctrine). Nothing contained in this Agreement shall be construed as making any of the Sponsoring Parties other than the Authority and the Contractor parties to this Agreement or as affecting in any way Contractor's right to unilaterally make application to the FERC for a change in rates, terms and conditions;~~

~~charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act, and pursuant to the Commission's rules and regulations promulgated~~ the following shall apply:

1. The Company shall have the right to revise the standard retail transmission rates to which the schedules of discounts in Exhibit B – Rates – Rate I e. apply by unilateral filing with the Federal Energy Regulatory Commission (FERC) or other appropriate regulatory body, in accordance with the applicable rules and regulations of such body, and the other parties to the Agreement Regarding Treatment of Allocations of New York Power Authority Expansion Power and Replacement Power Beginning January 1, 2012 and Thereafter, dated September 29, 2011, shall have the unilateral right to intervene and participate in such proceedings. If such filings are made before FERC, the applicable standard of review of these filings shall be the just and reasonable standard under Section 205 of the Federal Power Act, without application of the Mobile-Sierra “public interest” presumption as set forth in *United Gas Pipeline Co. v. Mobile Gas Services Corp.*, 350 U.S. 322 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 345 (1956), as clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008).

2. No party shall seek to modify or challenge, directly or indirectly the rate discounts set forth in Exhibit B – Rates – Rate I e., or the sections of or exhibits to this Service Agreement 1742 that refer to them, or the discounted rates resulting from the application of these discounts to the standard rates to which they apply furthermore, no party shall seek, directly or indirectly, to establish a separate delivery rate or service classification for Replacement Power. If such filings are made before FERC, the standard of review to be applied to them shall be the just and reasonable standard under Section 205 of the Federal Power Act with application of the Mobile-Sierra “public interest” presumption as set forth in *United Gas Pipeline Co. v. Mobile Gas Services Corp.*, 350 U.S. 322 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 345 (1956), as clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008).

~~thereunder, with respect to Part IV of the NYISO OATT or the provisions of Contractor's Retail Tariff applicable to deliveries of New Allocations of replacement power.~~

**POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET, 10TH FLOOR
ALBANY, NY 12207**

By: _____

Name: _____

Title: _____

**NIAGARA MOHAWK POWER CORPORATION D/B/A
NATIONAL GRID
300 ERIE BOULEVARD WEST
SYRACUSE, NEW YORK 13202**

By: _____

Name: _____

Title: _____

EXHIBIT A

GENERAL POWER CONTRACT PROVISIONS

A. Characteristics of Power and Energy.

Electric energy supplied hereunder will be three-phase, alternating current, at a nominal frequency of sixty (60) cycles per second.

B. Delivery of Energy in Excess of Contract Obligation.

The Contractor may from time to time, in the absence of objection by the Authority, use energy at rates of power delivery greater than the contract rate of delivery in effect for each type of service provided for in this Agreement, but such greater use shall not be deemed to establish in the Contractor any right thereto and the Contractor shall cease any such greater use whenever and for the periods of time requested by the Authority. Nothing in this Agreement contained shall obligate or be construed to obligate the Authority to increase any contract rate of delivery hereunder.

C. Continuity of Electric Service to be Furnished.

The electric service, unless otherwise specified, will be furnished continuously except (1) for interruptions or reductions due to uncontrollable forces, as defined herein; (2) for interruptions or reductions due to operation of devices installed for power system protection; and (3) for temporary interruptions or reductions, which, in the opinion of the Authority, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The Authority, except in case of emergency as determined by it, will give the Contractor reasonable advance notice of such temporary interruptions or reductions and will exercise due diligence to remove the cause thereof.

D. Uncontrollable Forces.

Neither party shall be considered to be in default in respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces, the term uncontrollable forces being deemed for the purpose of this Agreement to mean any cause beyond the control of the party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

E. Modification of Rates.

Reserved for future use.

F. Billings and Payments.

The Authority will submit bills to the Contractor on or before the tenth day of each billing period for electric service furnished during the preceding billing period, and payments will be due and payable by the Contractor on the first day of the billing period immediately succeeding the date each bill is submitted.

G. Nonpayment of Bills.

If the Contractor fails to pay any bill when due an interest charge of one percent (1%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one-half of one percent (1/2%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including interest, is paid in full. The Authority shall have the right upon not less than fifteen (15) days' advance written notice to discontinue furnishing electric service to the Contractor for nonpayment of bills and to refuse to resume same so long as any part of the amount due remains unpaid. Such discontinuance of electric service will not relieve the Contractor of liability for any minimum charge during the time electric service is so discontinued. The rights given herein to the Authority shall be in addition to all other remedies available to the Authority, either at law or in equity, for the breach of any of the provisions hereof.

H. Adjustments for Fractional Billing Period.

For a fractional part of a billing period at the beginning or end of service, the demand or capacity charge, and the minimum charge shall each be proportionately adjusted in the ratio that the number of hours that electric service is furnished to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

I. Adjustments for Curtailment (Interruptions or Reductions) of Service.

If because of conditions on the power system of the Authority (which system for purpose of adjustments hereunder shall include transmission facilities if any utilized but not owned by the Authority) the delivery of electric energy shall be interrupted or reduced below the contract rate of delivery for the affected type of service provided for in this Agreement or below the rate of delivery required by the Contractor at the time of such reduction, whichever is the lesser, for a period or periods of one (1) hour or longer in duration each, the total number of hours of curtailed service in any billing period shall be determined by adding the sum of the number of hours of interrupted service to the product of the number of hours of reduced service multiplied by the percentage of such reduction below such contract rate of delivery or below the rate of delivery required by the Contractor at the time of such reduction, whichever is the lesser. The demand or capacity charge and the minimum charge shall each be proportionately adjusted in the ratio that the total number of hours of such curtailed service so determined bears to the total number of hours in the billing period involved. The Contractor shall make written claim, within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment of service, for a period or periods of one (1) hour or longer in duration each, alleged to have

occurred and not reflected in such bill. Failure to make such written claim, within such thirty (30) day period, shall continue a waiver thereof. All curtailments of service, except those which may be provided for in the Article of the Agreement which is entitled "Electric Service to be Furnished" which are due to conditions on the power system of the Authority, shall be subject to the provisions of this Article and the Contractor shall be limited in its remedy to the relief granted by this Article.

J. Metering.

(a) The total electric power and energy delivered to the Contractor will be measured by metering equipment to be furnished and maintained by the Authority. The meter or meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the Contractor shall be afforded reasonable opportunity to be present upon such occasions. The meter or meters shall be tested at least once each year by the Authority and at any reasonable time upon request therefore by either party. Any metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced. Should any meter fail to register, the electric power and energy delivered during such period of failure to register shall, for billing purposes, be estimated by the Authority from the best information available.

(b) If any of the meter tests provided for herein discloses that the error of any meter or meters exceeds two percent (2%), correction based upon the inaccuracy found shall be made of the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made; *Provided*, That no correction shall be made for a longer period than such inaccuracy may be determined by the Authority to have existed. Any correction in billing resulting from such correction in meter records shall be made in the next monthly bill rendered by the Authority to the Contractor, and such correction when made shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of meters.

K. Resale of Electric Energy.

The Contractor shall not resell any of the electric energy delivered to it hereunder except as herein provided.

L. Power Factor.

The Contractor will be required to maintain the power factor as stated in the rate schedule then in effect under this Agreement.

M. Cooperation of Contracting Parties.

If, in the maintenance of their respective power systems and/or electrical equipment and the utilization thereof for the purposes of this contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall

cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, together with an amount not to exceed ten percent (10%) of such costs for administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance. Nothing herein shall be construed to require the furnishing of personnel in the case of a strike, lockout or other labor dispute.

N. Transfer of Interest in Contract by Contractor.

No voluntary transfer of this Agreement or of the rights of the Contractor hereunder shall be made without the written approval of the Authority; *Provided*, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of this Agreement to the same extent as though such successor or assignee were the original Contractor hereunder; and *Provided further*, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this Article.

O. License to the Contractor.

The Authority hereby grants the Contractor a license to construct, install, operate, maintain, replace or repair, either or all, upon property of the Authority under the administrative control and jurisdiction of Authority such facilities as in the opinion of the Authority are necessary or desirable for the purposes of this Agreement. Such license shall remain in effect during the term of this Agreement and shall expire coincidentally therewith. Any facilities so installed by the Contractor pursuant hereto shall be and remain the property of the Contractor, notwithstanding that the same may have been affixed to the premises, and the Contractor shall have a reasonable time after the expiration of such license in which to remove its facilities so installed.

P. License to the Authority.

The Contractor hereby grants to the Authority a license to construct, install, operate, maintain, replace or repair, either or all, upon the property of the Contractor such facilities as in the opinion of the Contractor are necessary or desirable for the purposes of this Agreement. The license or licenses so granted shall be in form and of legal sufficiency acceptable to the Authority, shall be and remain in effect during the term of this Agreement, and shall expire coincidentally therewith. Any facilities so installed by the Authority pursuant to such license or licenses shall be and remain the property of the Authority notwithstanding that the same may have been affixed to the premises, and the Authority shall have a reasonable time after the expiration of such license or licenses in which to remove its facilities so installed.

Q. Waivers.

Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

R. Notices.

Except where otherwise herein specifically provided, any notice, demand or request required or authorized by this Agreement shall be deemed properly given if mailed by registered mail, postage prepaid, to the Authority at the address of the Authority shown on the signature page hereof, and to the official signing for the Contractor at the address of Contractor shown on the signature page hereof. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

S. Federal Power Commission License, Federal Power Act and Power Authority Act.

All of the provisions of the license issued by the Federal Power Commission to the Power Authority of the State New York for the development of the Niagara River for power purposes, all of the provisions of the Federal Power Act (Chapter 12, Title 16, United States Code, as amended), of Public Law 85-159 (16 U.S.C. §§ 836, 836a) and of the Power Authority Act of the State of New York (Title 1 of Article 5 of the Public Authorities Law, Chapter 772 of the Laws of 1931, as amended), shall be deemed to be incorporated in and made a part of this Agreement insofar as the same may be applicable, but such incorporation shall not be deemed to make applicable to any contract of which these General Power Contract Provisions form a part any amendment to such Federal license, to the Federal Power Act, to Public Law 85-159 or to the Power Authority Act of the State of New York which would not otherwise apply to such contract. In no event shall any such contract for the sale and delivery of power be construed to extend beyond December 31 2011, unless further extended by written agreement of the Authority and the Contractor.

T. Cancellation for Violation by the Contractor.

Except as provided in Article IX hereof, the Authority may cancel and terminate any contract of which these General Power Contract Provisions form a part upon violation of the terms thereof by the purchasing, transmitting, or distributing public agency or company or any subsidiary or associate thereof, provided that the Authority shall not exercise its option to cancel unless written notice and statement of any violation shall have been given Contractor and Contractor afforded a period of at least sixty (60) days in which to cure such violation.

The following provisions are applicable only when this Agreement provides that service will be furnished over the facilities of a third party.

AA. Existence of Transmission Service Contract.

Inasmuch as the electric service hereunder is to be supplied over facilities not owned by the Authority, the obligation of the Authority to furnish electric service hereunder shall at all times be subject to and contingent upon the existence of a transmission service contract granting

the Authority the right to use such facilities not owned by it as are necessary to the rendering of electric service hereunder; *Provided*, That, if the Authority acquires or constructs facilities which would enable it to furnish direct service to the Contractor, the Authority, at its option, may furnish the electric service hereunder over its own facilities.

BB. Conditions of Transmission Service.

Anything to the contrary in this Agreement notwithstanding, when the electric service under this Agreement is furnished by the Authority over the facilities of others by virtue of a transmission service arrangement, the electric power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied. The Authority will endeavor to inform the Contractor from time to time of any changes contemplated on the system over which the service is supplied but the costs of any changes made necessary in the Contractor's system because of changes or conditions on the system over which the service is supplied shall not be a charge against or a liability of the Authority; *Provided*, That if the Contractor, because of changes or conditions on the system over which service hereunder is supplied, is subjected to the necessity of making changes on its system at its own expense in order to continue receiving service hereunder, then the Contractor may terminate this Agreement on not less than sixty (60) days' written notice given to the Authority at any time prior to the making of such changes on its system, but not thereafter; *Provided further*, That if the electric service requirements of the Contractor, to the extent that the Authority is obligated or determines that it can become obligated to furnish such requirements, are not being met or if the Authority advises the Contractor that such requirements cannot be met because of an insufficiency of capacity available to the Authority under its transmission service arrangement in the facilities of others over which service hereunder is supplied, then the Contractor may terminate this Agreement on not less than sixty (60) days' written notice given to the Authority at any time prior to the time that the Authority advises the Contractor that the needed capacity is available, but not thereafter.

ATTACHMENT A

**LIST OF “EXISTING ALLOCATIONS” OF REPLACEMENT
POWER ELIGIBLE FOR SERVICE UNDER NIAGARA MOHAWK’S
RATE SCHEDULE FERC No. 19**

	<u>COMPANY NAME</u>		<u>Service Address</u>	RS 19 Allocation <u>KW</u>
1	3M	305 SAWYER AVE	TONAWANDA, NY 14151	
2	ADM Milling Co.	250 GANSON ST	BUFFALO, NY 14205	1,900
3	AI-Ag- Co.	3943 BUFFALO AVE	NIAGARA FALLS, NY 14302	500
4	American Axle & Manufacturing	1001 E DELAVAN	BUFFALO, NY 14215	3,200
5	American Axle & Manufacturing	2390 KENMORE AVE	TONAWANDA, NY 14150	3,900
6	American Pharmaceutical Partners	3153 STALEY RD	GRAND ISLAND, NY 14072	1,500
7	BioConvergence	20 IROQUOIS ST	NIAGARA FALLS, NY 14303	1,250
8	Bristol Myers Squibb	100 FOREST AVE	BUFFALO, NY 14213	250
9	Brunner Inc.	3959 BATES RD	MEDINA, NY 14103	2,500
10	Buffalo China, Inc.	75 HAYES PL	BUFFALO, NY 14210	1,100
11	Buffalo Color Corp.	340 ELK ST	BUFFALO, NY 14210	2,916
12	Buffalo Tungsten Inc.	2 MAIN ST	DEPEW, NY 14043	2,050
13	Ceres Corp.	2250 LIBERTY DR	NIAGARA FALLS, NY 14304	4,600
14	City of Niagara Falls Waste Water Plant	1300 BUFFALO AVE	NIAGARA FALLS, NY 14301	1,644
15	City of Niagara Falls Water Plant	5815 BUFFALO AVE	NIAGARA FALLS, NY 14304	2,000
16	Confer Plastics	111 DOYLE DR	N TONAWANDA, NY 14120	550
17	Curtis Screw Co., Inc.	45 ROBERT AVE	BUFFALO, NY 14206	650
18	E.I. Du Pont de Nemours & Co.	BUFFALO AVE & CHEMICAL RD	NIAGARA FALLS, NY 14302	31,700
19	E.I. Du Pont de Nemours & Co.	RIVER RD	BUFFALO, NY 14207	2,475
20	Ferro Electronics Materials Inc	4511 HYDE PARK BLVD	NIAGARA FALLS, NY 14305	11,115
21	FMC Corp. - Specialty Chemicals Div.	101 SAWYER AVE	TONAWANDA, NY 14240	6,250
22	Freezer Queen Foods, Inc.	975 FUHRMAN BLVD	BUFFALO, NY 14203	360
23	General Mills, Inc.	54 S MICHIGAN AVE	BUFFALO, NY 14203	4,100
24	General Motors Corp.	2390 KENMORE AVE	TONAWANDA, NY 14150	2,725
25	Globe Metallurgical, Inc.	3807 HIGHLAND AVE	NIAGARA FALLS, NY 14302	20,000
26	Goodyear Dunlop Tires No.America Ltd.	RIVER RD-SHERIDAN DR	BUFFALO, NY 14240	5,541
27	Graphic Controls Corp.	400 EXCHANGE ST	BUFFALO, NY 14240	250
28	Habasit Belting Inc.	1400 CLINTON ST	BUFFALO, NY 14206	250
29	Honeywell (formerly Allied Signal)	20 PEABODY ST	BUFFALO, NY 14210	300
30	International Imaging Materials Inc.	310 COMMERCE DR	AMHERST, NY 14228	250

**ATTACHMENT A
PAGE 2 OF 2**

	<u>COMPANY NAME</u>	<u>Service Address</u>	<u>RS 19 Allocation KW</u>	
31	Kanthal Global Inc.	3425 HYDE PARK BLVD	NIAGARA FALLS, NY 14302	2,100
32	Invitrogen	3175 STALEY RD	GRAND ISLAND, NY 14072	400
33	I Squared R Element Co./Igniter Systems	12600 CLARENCE CTR RD	AKRON, NY 14001	500
34	ISG Lackawanna Inc.	3555 LAKE SHORE RD	BUFFALO, NY 14219	25,750
35	IsleChem	2801 LONG RD	GRAND ISLAND, NY 14072	325
36	Lockheed Martin (Bell Aerospace)	2045 NIAGARA FALLS BLVD	NIAGARA FALLS, NY 14304	250
37	Metaullics Systems Co.	2040 CORY RD	SANBORN, NY 14132	1,000
38	Niacet Corp.	47TH ST & PINE AVE	NIAGARA FALLS, NY 14304	1,400
39	Niagara LaSalle Corp.	110 HOPKINS ST	BUFFALO, NY 14240	700
40	American Hoganas	5950 PACKARD RD	NIAGARA FALLS, NY 14304	1,000
41	Now Tech	100 RIDGE RD	LACKAWANA, NY 14218	250
42	Occidental Chemical Corp.	4700 BUFFALO AVE	NIAGARA FALLS, NY 14304	65,400
43	Olin Corp.	2400 BUFFALO AVE	NIAGARA FALLS, NY 14303	79,450
44	Outokumpu American Brass	70 SAYRE ST	BUFFALO, NY 14207	8,560
45	Praxair, Inc.	E PARK DR & WOODWARD AVE	TONAWANDA, NY 14151	2,750
46	Praxair, Inc.	137 47TH ST	NIAGARA FALLS, NY 14305	48,450
47	Precious Plate	2124 LIBERTY DR	NIAGARA FALLS, NY 14304	800
48	Precision Electro Minerals Co., Inc.	150 PORTAGE RD	NIAGARA FALLS, NY 14305	1,550
49	PSP Adhesives	685 HOWARD ST	BUFFALO, NY 14206	250
50	Republic Engineered Products	S-3049 LAKE SHORE RD	BUFFALO, NY 14219	2,000
51	Rich Products Corp.	1145 NIAGARA ST	BUFFALO, NY 14213	1,000
52	Saint-Gobain Ceramic Materials	WALMORE RD	NIAGARA FALLS, NY 14303	2,200
53	Saint-Gobain Boron Nitride	168 CREEKSID DR	N TONAWANDA, NY 14120	3,070
54	Saint-Gobain Structural Ceramics	23 ACHESON DR	NIAGARA FALLS, NY 14303	3,450
55	Saint-Gobain Structural Ceramics	23 ACHESON DR	NIAGARA FALLS, NY 14303	300
56	Saint-Gobain Substrates	2050 CORY RD	SANBORN, NY 14132	900
57	Saint-Gobain	22 ACHESON DR	NIAGARA FALLS, NY 14303	1,850
58	Sorrento Cheese Company, Inc.	2375 SOUTH PARK AVE	BUFFALO, NY 14220	250
59	Sun Orchard Fruits	2087 TRANSIT RD.	BURT, NY 14208	700
60	Treibacher Schleifmittel	231 COLLEGE AVE	NIAGARA FALLS, NY 14304	750
61	Tulip Corp.	3125 HIGHLAND AVE	NIAGARA FALLS, NY 14305	1,200
62	Ultra Tool & Plastics Inc.	500 COMMERCE DR	AMHERST, NY 14228	1,000
63	Unifrax Corp.	324 CREEKSID DR	AMHERST, NY 14228	400
64	Unifrax Corp.	360 FIRETOWER DR	TONAWANDA, NY 14150	3,600
65	Unifrax Corp.	2050 CORY RD	SANBORN, NY 14132	1,000
66	Washington Mills Electro Minerals	1801 BUFFALO AVE	NIAGARA FALLS, NY 14302	9,700
	Total			390,081

EXHIBIT B

**PROVISIONS FOR THE RESALE OF EXISTING ALLOCATIONS
OF REPLACEMENT POWER**

The replacement power customers to whom Contractor sells Existing Allocations of replacement power were required to elect in advance of initial service whether to purchase such power under Rate I or Rate II described below. Whichever rate was selected shall continue to apply for as long as the customer making the election purchases such power.

RATE I

Replacement power customers that elected Rate I for their Existing Allocations shall pay:

a. The capacity charge established by Schedule NP-F1 or any modification thereof applied to the customer's billing demands for these Existing Allocation(s) of replacement power as defined below;

b. The energy charge established by Schedule NP-F1 or any modification thereof applied to the amount of energy charged to the customer in the form of Existing Allocation(s) of replacement power according to the provisions of this exhibit;

c. The charge established by Schedule NP-F1 or any modification thereof for the recovery of transmission and NYISO costs imposed on Contractor pursuant to Section 1(c) of Article IV hereof, applied to the customer's billing demands for its Existing Allocation(s) of replacement power as defined below;

d. A charge representing reimbursement to Niagara Mohawk for revenue taxes it is required to pay directly on the basis of the delivery of such customer's Existing Allocation(s) of replacement power to the customer;

e. A transmission and delivery charge per kilowatt-month applied to the customer's contract demand for its Existing Allocation(s) of replacement power as follows:

For delivery.....\$1.52

For the period January 1, 2012 through December 31, 2012, the following customers' retail transmission rates shall be discounted by a factor of 20%: Customers with: (i) Primary voltage delivery levels (2.2-15kV) whose parent rate class is Service Classification 3 in the Retail Tariff and for whom non-NYPA electric demand accounted for more than 15% of their total electric demand during the time period July 1, 2010 through June 30, 2011, (ii) Primary voltage delivery levels (2.2-15kV) whose parent rate class is Service Classification 3-A in the Retail Tariff; (iii) Subtransmission voltage delivery levels (22-50 kV); and (iv) Transmission voltage delivery levels (over 60 kV);

For the period January 1, 2012 through December 31, 2012, the following customers' retail transmission rates shall be discounted by a factor of 65%: Customers served at Primary voltage delivery levels (2.2-15 kV) whose parent delivery service classification is Service Classification 3 in the Retail Tariff and for whom non-NYPA electric demand accounted for 15% or less of their electric demand during the time period July 1, 2010 through June 30, 2011.

The "retail transmission rates" to which these discounts apply are as specified in the New York Independent System Operator Open Access Transmission Tariff, Section 5, as amended from time to time, and in P.S.C. No. 220 Electricity, Niagara Mohawk Power Corporation d/b/a National Grid Schedule for Electric Service Applicable in All Territory Served by this Company ("Retail Tariff"), Service Classification 4, as amended from time to time.

Under Rate I each replacement power customer must pay the minimum monthly charge per kilowatt established in Schedule NP-F1 or any modification thereof applied to the customer's contract demands for its Existing Allocation(s) of replacement power. This minimum charge shall be in addition to the monthly charge paid for transmission and delivery and as reimbursement for revenue taxes.

RATE II

The charges under Rate II shall be the same as under Rate I except for the minimum monthly charge. The minimum monthly charge under Rate II shall consist of:

- a. The capacity charge kilowatt established by Schedule NP-F1 or any modification thereof applied to the customer's contract demand for its Existing Allocation(s) of replacement power; and
- b. The energy charge established by Schedule NP-F1 or any modification thereof applied to the amount of energy associated with the customer's contract demand for its Existing Allocation(s) of replacement power at one hundred percent load factor.

CONTRACT DEMANDS

The contract demands of replacement power customers with respect to Existing Allocations of replacement power will be the amounts of such power Niagara Mohawk has agreed to supply such customers and such customers have agreed to take and pay for under this Agreement, but in no event more than the contract demands set out on Attachment A to Exhibit A to this Agreement.

BILLING

REPLACEMENT POWER

UNDER RATE I

-

(A) The billing demand will be the customer's highest 30-minute integrated demand in the billing period recorded on customer's meter multiplied by the ratio of the customer's contract demand for its Existing Allocation(s) of replacement power to the highest 30-minute integrated demand recorded on customer's meter in the twelve months ending with the current billing period. (Such ratio shall not be deemed to exceed the ratio of (i) the contract demand for its Existing Allocation(s) of replacement power to (ii) the total contract demand for replacement and/or expansion power adjusted for losses as provided below.)

—————(B) The kilowatt-hours charged will be the total number of kilowatt-hours recorded on the customer's meter for the billing period multiplied by the ratio of the customer's contract demand for its Existing Allocation(s) replacement power to the highest 30 minute integrated demand recorded on the customer's meter in the twelve months ending with the current billing period. (Such ratio shall not be deemed to exceed the ratio of (i) the contract demand for its Existing Allocations of replacement power to (ii) the total contract demand for replacement and/or expansion power adjusted for losses as provided below.)

UNDER RATE II-

(A) The billing demand will be the customer's contract demand for its Existing Allocations of replacement power.

—————(B) The kilowatt-hours charged will be the customer's contract demand for its Existing Allocations of replacement power multiplied by the number of hours in the billing period.

LOSS ALLOWANCE

—————Because the Authority's charges for power and energy established by its rate schedules are applicable at the Authority's Niagara Switchyard, replacement power customers must pay for the replacement power and energy actually measured at their meters and the replacement power and energy lost in the process of delivery from the Authority's switchyard. Except where adjustment for losses is specifically provided for, the billing arrangements herein accomplish this result without the application of any separate allowance for losses. Where adjustment of any contract demand for losses is provided for, the loss allowance for Niagara Mohawk's system, exclusive of the marginal losses on the Bulk Power System as calculated by the NYISO or any successor thereto, shall be multiplied by the quantity "one minus the loss allowance established herein". Such loss allowance was initially established as 0.5% (.005) of the amounts transmitted from the Niagara Switchyard, and this loss rate remains in effect under this Agreement. Such loss adjustments shall be in addition to the marginal losses established in the NYISO OATT and paid by the Authority under Special Provision I of this Exhibit B.

SPECIAL PROVISIONS

A. Maximum demands measured over fifteen-minute intervals will be converted to thirty-minute demands, and vice versa, by use of a conversion factor approved by Authority.

B. When delivery is at line voltage and metering is on the low side of a customer-owned substation, meter readings shall be adjusted to amounts at delivery voltage before determination of the billing amounts as herein provided.

C. Niagara Mohawk with the concurrence of the customer and the approval of Authority may determine the billing amounts by alternate methods.

D. Customer shall maintain a power factor of not less than 90% leading or lagging adjusted for losses in transmission back to Authority's Niagara Switchyard.

E. Replacement power is available to customers when and only when such power is available to Company from Authority's generating facilities or from other sources available to Authority. If Authority power is not available to Niagara Mohawk and as a result not available to Niagara Mohawk and as a result not available to its customers, the capacity charge under Rates I and II and the energy charge under Rate II shall be reduced in proportion to the reduction in service in the manner provided in Paragraph I of the General Power Contract Provisions.

F. Regardless of the number of kilowatt-hours charged under either rate, no customer shall be deemed to have received more replacement energy during any 30-minute period than its actual total metered receipts during such period.

G. Except as otherwise agreed by Niagara Mohawk and any customer, contracts for the sale of replacement power shall be for an initial term ending December 31, 1967, with customers having the right to renewal for additional five year terms upon six months' notice prior to the end of the initial or any renewal term. Such right of renewal shall extend for the entire term of Niagara Mohawk's Agreement with the Authority for the purchase of replacement power.

H. Reserved for future use.

I. Charges for Transmission Services Provided by NYISO.

Notwithstanding any other provisions of this Agreement, the Authority shall compensate NYISO directly for the following transmission services provided by NYISO pursuant to its OATT, to the same extent as though the transmission service received by the Authority under this Agreement were provided under the NYISO OATT:

1. Ancillary Services 1-6. The Authority shall compensate NYISO directly for charges for NYISO Ancillary Services 1-6 for services associated with all withdrawals of replacement power for delivery of Existing Allocations of replacement power to replacement power customers under this Agreement as provided in the NYISO OATT, but not for deliveries of replacement power to Niagara Mohawk's Rural and Domestic Customers; and

2. Marginal Losses. The Authority shall compensate NYISO directly for Marginal Losses associated with all deliveries of Existing Allocations of replacement power to replacement power customers under this Agreement as provided in the NYISO OATT, but not for deliveries of replacement power to Niagara Mohawk's Rural and Domestic customers. The Authority may compensate NYISO for such losses either by supplying energy or by paying NYISO's charges for transmission losses. In either event, however, the total amount of energy sold to and delivered on behalf of replacement power customers under this Agreement, as measured at the Niagara Switchyard, shall be deemed to include all such loss amounts, as well as the additional loss amounts specified in the loss allowance provisions of Exhibit B hereof; and

3. NTAC. The Authority shall compensate NYISO directly for the NYPA Transmission Adjustment Charge ("NTAC") associated with deliveries of Existing Allocations of replacement power to replacement power customers as provided in the NYISO OATT, but not for deliveries to Niagara Mohawk's Rural and Domestic customers; and

4. Congestion. The Authority shall compensate NYISO directly for all congestion costs associated with the delivery of Existing Allocations of replacement power under this Agreement to replacement power customers pursuant to the provisions of the NYISO OATT, but not for deliveries to Niagara Mohawk's Rural and Domestic customers; and

5. Grandfathered TCCs. The Authority shall be entitled to receive the grandfathered TCCs associated with the grandfathered delivery services provided to Existing Allocations of replacement power under this Agreement as provided in Attachments K and L of the NYISO OATT, but not for deliveries to Niagara Mohawk's Rural and Domestic customers.

6. Miscellaneous. The Authority is responsible for any and all other charges, assessments, or other amounts due to NYISO under the provisions of its OATT for the transmission of all Existing Allocations of replacement power delivered to replacement power customers under this Agreement, but not for deliveries to Niagara Mohawk's Rural and Domestic customers.

J. In addition, the Authority under this Agreement will be subject, with respect to deliveries of Existing Allocations -of replacement power to replacement power customers (but not to Niagara Mohawk's Rural and Domestic Customers) to all other requirements for grandfathered Contracts set forth in the NYISO OATT, including, without limitation, Attachments K and L and the scheduling, balancing and regulation provisions of the NYISO OATT. The Transmission Capacity Reservation applicable to the Agreement shall be the amount set forth in the NYISO OATT, Attachment L, Table 1A, as specified in the last three columns titled "Sum MW," "Win MW" and "Interface Allocations-Summer Period" as specified for "Cont. # 100" of Table 1A. Electricity delivered by the Authority to Niagara Mohawk's transmission system in excess of these transmission capacity reservations will be transmitted

under the terms and conditions of the NYISO OATT rather than this Contract. The requirement set forth in the preceding sentence applies to any expansion of transmission service or transmission capacity contemplated in this Contract.

K. The Authority, directly or through an agent, shall maintain at all times during which services are provided under this Agreement, a valid and binding service agreement with NYISO.

L. Customer Usage Information

- a. On written consent of each replacement power customer served under this Agreement, Niagara Mohawk shall provide the Authority with two years of historic billing data, to the extent available for such replacement power customer within 30 days of approval of this Substitute First Revised Rate Schedule FERC No. 19 and at no charge to the Authority. Such billing data shall be provided, at Niagara Mohawk's option, in electronic form via Niagara Mohawk's website, and shall be limited to meter reading dates, consumption (kW, kWh and RKVA, including on- and off-peak data, if applicable), monthly metered demands, current meter number (if applicable), type of meter reading (by Niagara Mohawk, by the replacement power customer or estimated), and identification of the portion of such electric service (kW and kWh) supplied by the Authority under each Authority power program in which that customer participates.
- b. On written consent of each replacement power customer served under this Agreement, the Authority shall have the option to purchase historic recorded interval load data from Niagara Mohawk, to the extent available, pursuant to Niagara Mohawk's established charges, terms and conditions for the provision of such information to Energy Service Companies served under the Retail Tariff.
- c. On written consent of each replacement power customer served under this Agreement, Niagara Mohawk shall provide the Authority with all data recorded by and currently retrieved from Niagara Mohawk's retail meters for such replacement power customer (kW, kWh and RKVA, including all currently retrieved recorded interval load data), at no cost to the Authority. In addition, Niagara Mohawk shall also provide the Authority with all other information and calculations used to determine the portion of such replacement power customer's demands which Niagara Mohawk reported to NYISO or billed to such replacement power customer as served by the Authority under each Authority power program in which such replacement power customer participates, including such customer's historic demand, if any, and a copy of the relevant portions of any agreement(s) between Niagara Mohawk and such replacement power customer modifying the generally applicable method for apportioning deliveries between Authority power and non-Authority power furnished by Niagara Mohawk under its Retail Tariff on reasonable request at no cost to the Authority.

- d. The metering data described in subpart (c) above shall be provided electronically via Niagara Mohawk's website at no charge to the Authority when the data is acceptable by Niagara Mohawk to bill its customers, no later than the day after the account is billed by Niagara Mohawk. Where Niagara Mohawk uses estimated meter readings to bill an account or to report to NYISO, such estimated meter readings shall be provided electronically, via Niagara Mohawk's website and to the extent available in a form consistent with subpart (c), at no charge when the data is acceptable to Niagara Mohawk to bill its customers or to report to NYISO, no later than the day after the account is billed by Niagara Mohawk or reported to NYISO. All subsequent changes, corrections or adjustments to previously supplied data will be made available electronically to the Authority, via Niagara Mohawk's website and to the extent available in a form consistent with subpart (c), when the data is acceptable to Niagara Mohawk to be used for its customers or reported to NYISO.

- e. The Authority shall be prohibited from disclosing any of the billing and usage information provided to it pursuant to this Special Provision L to any party other than Niagara Mohawk and the individual replacement power customer to whom such data relates, unless required by law or authorized in writing by such replacement power customer. The Authority shall also be prohibited from using any of such billing and usage data for any purpose other than scheduling deliveries of Authority power to such replacement power customer and billing NYISO-related charges to such customers unless the Authority and such replacement power customer enter into a written agreement providing the Authority with broader or narrower rights with respect to such information.

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