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May 13, 2011

The Honorable Leo Wiegman
Mayor
Village of Croton-On-Hudson
1 Van Wyck Street
Croton-On-Hudson, NY 10520

**Subject: Proposed Modification of NYPA's Rate
Structure and Refund of Over-collections**

Dear Mayor Wiegman:

This letter provides notice that NYPA proposes to implement a modification of its production and delivery rates charged to Westchester Governmental Customers (collectively, "Customers"). At their March 29, 2011 meeting, NYPA Trustees approved a Notice of Proposed Rule Making ("NOPR") to redesign the current production and delivery rate structure that is in effect for Customers. The proposed rate redesign, which is revenue neutral to NYPA, would properly align costs with rates and eliminate cross-subsidization between Customers. Most Customers would be favorably affected by the proposed changes. (This NOPR also addresses redesigned rates for NYPA's New York City-based governmental customers.) Customers will also be entitled to receive their share of refunds for accumulated delivery service over-collections.

Over the past year, NYPA has worked closely with the County of Westchester in review of the rate redesign study and as a result of the County's and other customers' comments, NYPA developed a "Recommended Plan" attached for your review, which provides a detailed explanation of the NYPA rate redesign recommendations.

Production Rates

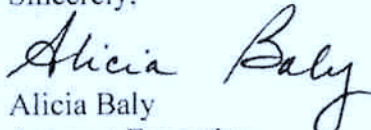
NYPA's production (or supply) rate structure was last altered over twenty years ago. Since then, production increases and decreases have been applied across-the-board to production rates in effect at that time. However, during this period, market prices (particularly, wholesale energy prices) have become more time sensitive and volatile. As a result, production rates have become increasingly disconnected from the cost structure used to serve Customers, and therefore, it is important to redesign the Customers' production rates to make them aligned with costs.

For Customers, the new rates will include the following changes: seasonal summer and winter energy rates will be applied to all Service Classifications (SCs); and due to similar

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At the end of the public comment period, we will evaluate all of the comments received. The final plan will be reviewed and provided to the NYPA Trustees for their approval at their June meeting. If approved by the Trustees, the new rate structure would be effective with the July 2011 billing period and Service Tariff No. 200 will be updated. If you have any questions, you may contact me at (914) 287-3495 (alicia.baly@nypa.gov) or Helle Maide, Director of Key Accounts and Business Development (helle.maide@nypa.gov) at (914) 390-8111.

Sincerely,


Alicia Baly
Account Executive

Att.

cc: Abraham Zambrano