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**New York Power
Authority**

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August 25, 2011

The Honorable Leo Wiegman
Mayor
Village of Croton-On-Hudson
1 Van Wyck Street
P.O. Box 249
Croton-On-Hudson, NY 10520

Subject: Westchester County Governmental Customer Electricity Rates for 2012

Dear Mayor Wiegman:

This letter provides an update to the New York Power Authority's (NYPA) 2012 electricity rates for Westchester County Government Customers ("Westchester Customers").

Production (Supply) Portion of Your Bill

Over the last year energy prices (specifically, wholesale electricity prices) have remained low, which has had a positive effect on the production portion of your NYPA electricity bill. The low prices are reflected in the credits you have received monthly through the Energy Charge Adjustment (ECA), which is located on the account level of the bill. The ECA is based on the difference between the variable costs actually incurred to serve customers and the variable costs recovered by NYPA. Such differences are applied monthly to your bill in the form of either a charge or a credit.

For 2012 NYPA, at present, is not forecasting any significant increases in energy prices and, therefore, is considering a reduction in the Base Production Rates of 2.7% beginning January 2012. However, due to the ECA, this decrease is now in effect and being applied to your current bills.

In keeping with the Supplemental Agreement you have with NYPA, you are being given notice of the proposed decrease in the Base Production Rates for 2012. This rate

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modification proposal is subject to a formal proceeding in accordance with the State Administrative Procedure Act (SAPA). The process will begin at the end of September with the approval of NYPA's Board of Trustees. Shortly afterwards, we will send you more details about the process.

In considering your budget, we suggest that you base your forecast of the production portion of your 2012 electricity bill on 2011 actual billed levels, taking into account 1) that your bill is still subject to a monthly ECA, 2) any anticipated changes in usage at your facilities in 2012, and 3) the current unusual circumstances in the energy market could change, resulting in higher energy prices in the future, which will be reflected as an ECA charge on your bill.

Delivery Portion of Your Bill

As previously stated in our February 5, 2011 letter, Con Edison will increase delivery charges by 11.2%, effective April 2012, which will only affect the delivery portion of your bill. However, we expect that next year Con Edison will file a new request with the PSC for a proposed rate increase in delivery rates for NYPA customers. As in the past, NYPA, along with other governmental customers, will intercede in these discussions and will we keep you apprised on any new developments.

If you have any questions or would like further clarification, please contact me at (914) 287-3495 (alicia.baly@nypa.gov) or Helle Maide, Director of Key Accounts & Business Development at (914) 390-8111 (helle.maide@nypa.gov) to discuss.

Sincerely,



Alicia Baly
Account Executive

cc: Abraham Zambrano