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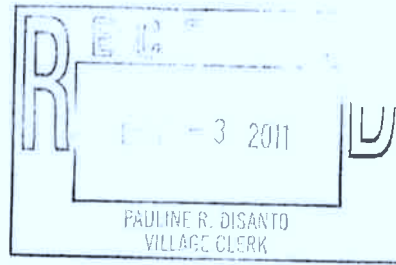


**New York Power
Authority**

Generating more than electricity

September 29, 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 Rates for 2012 and
Production Minimum Bill Provision**

Dear Mayor Wiegman:

As a follow up to our August 25, 2011 letter, I would like to inform you that at their September 27th meeting, NYPA Trustees gave preliminary approval for a decrease in production rates that NYPA charges its Westchester County Governmental Customers ("Westchester Customers") and for minor technical changes to Service Tariff No. 200 to clarify the production minimum billing provision.

Production Rate Decrease

NYPA staff has proposed to reduce current base production rates by 2.7% to reflect the continued reduction in energy purchases from the market. The cost of these purchases is expected to be slightly lower than those that were projected for 2011. During 2011 these reductions have been passed on to Westchester Customers through the negative Energy Charge Adjustment on your NYPA electric bill. The proposed decrease will go into effect as of the January 2012 bill period.

For more information about this rate action, NYPA's Preliminary Staff Report (including the 2012 Cost-of-Service) will be available on the Customer News website. To access the website, go to: www.nypa.gov/customer and enter your organization's secure login ID and access code provided below.

Login ID: CrotonOnHudson

Access Code: 

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Production Minimum Bill Provision

As you know, NYPA recently redesigned its production and delivery rate structure. As part of the rate redesign, NYPA's Trustees approved the activation of the production minimum bill provision, which will take effect for the January 2012 bill period. For demand-metered and demand-unmetered accounts, this provision will apply to the demand portion of the bill only and energy charges will continue to apply regardless of the minimum demand billed. Energy-metered and energy-unmetered accounts will be subject to a minimum charge based on 50 kWh. In preparing to implement this provision, technical corrections to clarify Service Tariff No. 200 were required. The proposed corrections, as well as the minimum bill provision itself, are revenue-neutral to NYPA. Attached please find Appendix A - Leaf No. 33 – the original and a redline of the proposed changes to the minimum bill provision:

As standard procedure, NYPA's rate modification proposal and the proposed changes to the service tariff are subject to a formal proceeding in accordance with the State Administrative Procedure Act ("SAPA"). Under the SAPA process, Westchester Customers and other interested parties wishing to submit written statements should do so beginning October 12 through November 28, 2011. Comments should be sent to:

Karen Delince, Corporate Secretary
New York Power Authority
123 Main Street, 11P
White Plains, New York, 10601
Phone: (914) 390-8085; Fax: (914) 390-8040
E-mail: secretarys.office@nypa.gov

If you have any questions or would like clarification on any aspect of the information outlined above, you can reach me at (914) 287-3495 or alicia.baly@nypa.gov.

Sincerely,



Alicia Baly
Account Executive

Att.
cc: Abraham Zambrano

Decrease in Westchester County Governmental Customer Rates –
Notice of Proposed Rulemaking

Appendix A

B. Minimum Bill

Unless otherwise provided in the Customer Supply Contract, each Customer Account shall be responsible for a Production minimum charge as follows. Production minimum bill shall be exclusive of any minimum charges applicable to Delivery Service.

Demand Metered Service - Accounts where usage is measured by both demand and energy meters. The minimum charge shall be equal to three-quarters (75%) of the product of the demand rate applicable to the Account and the maximum metered demand from the previous twelve months for that Account.

Demand Unmetered Service - Accounts that are unmetered and billed for demand and energy. The minimum charge shall be equal to three-quarters (75%) of the product of the demand rate applicable to the Account and the maximum monthly billing demand from the previous twelve months for that Account.

Energy Metered Service - Accounts where usage is measured by energy meters alone. The minimum charge shall be equal to the product of the total energy rate, applicable to the Account and fifty (50) kWh of usage.

Energy Unmetered Service - Accounts that are unmetered and billed for energy only. The minimum charge shall be equal to the product of the total energy rate, applicable to the Account and fifty (50) kWh of usage.

Charges set forth above are effective with January 2012 bill period.

C. Effective Date of Rates and Charges

The foregoing rates and charges shall apply to any billing period that includes service on and after the effective date hereof, and are applicable for the entire billing period.

D. NYISO-Related Charges

It is intended that the mechanisms to determine the demand charge, energy charge and Energy Charge Adjustment will account for all charges imposed upon Authority by the NYISO (or its successor) to serve the Customers including charges for capacity, transmission, ancillary services, marginal losses, congestion, reliability-related charges, demand curve charges or any other charge or assessment associated with Authority's responsibility as load serving entity to Customer. Such charges shall be net of any NYISO credits or revenues, including congestion rents, received by Authority and associated with service to Customer.

E. Distribution Losses

The determination of the demand charge, energy charge and Energy Charge Adjustment shall account for distribution losses, which losses represent the difference between the power and energy supplied by Authority to the load bus and the power and energy received by Customers.

B. Minimum Bill

Unless otherwise provided in the Customer Supply Contract, each Customer Account shall be responsible for a Production minimum demand charge as follows. ~~Production minimum bill shall be exclusive of any minimum charges applicable to Delivery Service.~~

Demand Metered Service - Accounts where usage is measured by both demand and energy meters. The minimum demand charge shall be equal to three-quarters (75%) of the product of the demand rate applicable to the Account and the maximum metered demand from the previous twelve months for that Account. The application of the minimum demand charge shall have no effect on the continuing applicability of production energy charges.

Demand Unmetered Service - Accounts that are unmetered and billed for demand and energy. The minimum demand charge shall be equal to three-quarters (75%) of the product of the demand rate applicable to the Account and the maximum monthly billing demand from the previous twelve months for that Account. The application of the minimum demand charge shall have no effect on the continuing applicability of production energy charges.

Energy Metered Service - Accounts where usage is measured by energy meters alone. The minimum charge shall be equal to the product of the total energy rate, applicable to the Account and fifty (50) kWh of usage.

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