AGREEMENT FOR THE SALE

OF NIAGARA PROJECT POWER AND ENERGY

Between the

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
Albany, New York

and the

TUSCARORA NATION

Service Tariff No. TN-1 - Firm Hydroelectric Power and Energy

August 2007

POWER AUTHORITY OF THE STATE OF NEW YORK

30 South Pearl Street
Albany, New York 12207

and the

TUSCARORA NATION

hereby enter into this **AGREEMENT FOR THE SALE OF HYDROPOWER AND ENERGY** as follows:

I. Definitions

a. **Acceptance of the New License** shall mean the date upon which the Power Authority files its acceptance of the New License with FERC, or the date of the expiration of the existing original license, August 31, 2007, whichever occurs later.

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 XVI.

g. **Contract Demand** will be the amounts set forth in Section 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 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 new license will become effective after expiration of the Project's original license issued on January 30, 1958.

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** (sometimes referred to as Renewable Attributes or Renewable Energy Credits) are attributes associated with renewable energy power production facilities as may be defined by law or administrative action now or in the future, including but not limited to the Renewable Portfolio Standard proceeding of the New York Public Service Commission.

m. **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.

n. **Nation** is the Tuscarora Nation, a federally recognized sovereign Indian nation.

o. **Nation's Agent** is defined in Article VIII.

p. **NRA** means the federal Niagara Redevelopment Act (18 USC §§836, 836a)

q. **NYISO** means the New York Independent System Operator or any successor organization.

r. **Project** means the Niagara Power Project, FERC Project 2216.

s. **Project Power and Energy** means Firm Hydroelectric Power and Energy produced by the Project.

t. **Project Switchyard** is the Niagara Project switchyard.

u. **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.

v. **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).

w. **Service Tariffs** are schedules establishing rates and other conditions for sale of Electric Services to the Nation.

x. **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.

y. **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.

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 XVI of this Agreement and either the Rules or the Service Tariffs, the provisions of Articles I through XVI 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

Project Power and Energy shall be sold to the Nation hereunder at cost-based rates equivalent to rates charged to in-state preference customers receiving preference power under the NRA.

The Nation does not object to the Authority's use of any of the following methodologies and principles[1] to set rates different from those adopted by the Authority's Trustees in their meeting on April 29, 2003 based on the "January 2003 Report on Hydroelectric Production Rates" and as modified by the April 2003 "Staff Analysis of Public Comments and Recommendations":

(i) The principles set forth in the March 5, 1986 Settlement Agreement (settling *Auer v. Dyson*, No. 81-124 (Sup. Ct. Oswego Co.), *Auer v. Power Authority*, Index No. 11999-84 (Sup. Ct. N.Y. Co.) and *Delaware County Electric Cooperative, Inc. v. Power Authority*, 82 Civ. 7256 (S.D.N.Y.) (the "*Auer* Settlement").

(ii) Recovery of capital costs using Trended Original Cost and Original Cost methodologies.

(iii) Treatment of sales to third parties, including the New York Independent System Operator.

(iv) Allocation of Indirect Overheads.

(v) Melding of costs of the Niagara Power Project and St. Lawrence-FDR Power Project for ratemaking.

(vi) Post-employment benefits other than pensions (*i.e.*, retiree health benefits).

(vii) Rate Stabilization Reserve (RSR) methodology as supplemented by the explanatory statement attached hereto as Appendix B

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[1] These methodologies and principles were employed in and explained by the Authority's January 2003 Report on Hydroelectric Production Rates and the Staff Analysis of Public Comments and Recommendations adopted by the Authority's Trustees on April 29, 2003.

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Nation may take any position whatsoever with respect to such methodology or principle, but will not object to any of the remaining methodologies and principles that continue to be employed by the Authority.

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. 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.

IX. 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, 2025, 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, 2025, 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.

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.

X. Notification

Correspondence involving the administration of this Agreement shall be addressed as follows:

To: Authority

Manager – Power Contracts
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

XI. 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.

XII. 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.

XIII. 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.

XIV. 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.

XV. 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.

XVI. Effectiveness of Agreement

This Agreement shall take effect on the later of: (i) the acceptance of the new License or (ii) the date of this Agreement's execution under Article XIV above.

THE NATION

BY Chief Leon R Henry

Title Clerk - Tuscarora Nation

Date September 4, 2007

(Seal)

Attest by: _____

POWER AUTHORITY OF THE STATE OF NEW YORK

BY _____

Frank S. McCullough, Jr.

Title Chairman

Date Sept 11, 2007

(Seal)

Attest by: _____

Anne B. Cahill, Corporate Secretary

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) SS:.
COUNTY OF WESTCHESTER)

On this 11th day of September, 2007, before me personally came Frank S. McCullough, Jr. and Anne B. Cahill, to me known, who each being by me duly sworn, did severally depose and say that they reside in Rye, N.Y. and White Plains, N.Y., and that they are, respectively, Chairman and Corporate Secretary of Power Authority of the State of New York, a corporation described in and which executed the above instrument; that they know the seal of Power Authority of the State of New York aforesaid; that one of the seals affixed to said instrument is such seal; that it was so affixed by order of the Trustees of Power Authority of the State of New York, and that they signed their names thereto by like order.

Lorna Johnson

LORNA JOHNSON
NOTARY PUBLIC, State of New York
No. 01JO4961652
Qualified in Queens County
Commission Expires Feb. 5, 2010

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 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 Section 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 (RSR) is calculated consistent with Service Tariff provisions regarding the Flow Adjustment Computation (FAC), which was not altered in the January 2003 Report on Hydroelectric Production Rates or the Staff Analysis of Public Comments and Recommendations adopted by the Trustees of the Power Authority on April 29, 2003. The calculation is described below:

1. Calculate the total cost of service (CoS) for the Niagara/St. Lawrence projects. Costs include: Operations and Maintenance, amortized roadwork, Indirect Overheads (Shared Services, Research and Development, debt service) and Capital Costs (using TOC for equity funded and OC for debt funded).

2. Credit the CoS by any excess capacity (ICAP) sales to the NYISO.

3. Allocate costs to the demand function by multiplying the sum of the customers' billed demands by the preference demand charge, which has been inflated to include Ancillary Services production costs. This larger demand charge is used only for the purposes of the RSR.

4. Calculate the cost-based energy rate by dividing the remaining energy assigned costs by the annual metered generation.

5. Calculate the difference between the cost-based energy rate and the billed preference energy rate.

6. Multiply the difference in the rates by the actual annual billed preference energy sales to determine the annual change in the RSR.

7. Add the annual change to the RSR balance from the prior year-end to get the current year-end RSR balance.

8. 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.

POWER AUTHORITY OF THE STATE OF NEW YORK

30 South Pearl Street, Albany, NY 12207

Service Tariff No. TN-1

Schedule of Rates for Firm Hydroelectric Power
and Energy Service

EFFECTIVE:

September 1, 2007

APPLICABLE:

To sale of Niagara Firm Hydroelectric Project Power and Energy to the Tuscarora Nation pursuant to the Relicensing Settlement Agreement Between the Power Authority of the State of New York and the Tuscarora Nation executed on August 1, 2005.

CHARACTER OF SERVICE:

Alternating current, 60 hertz, three-phase.

RATES:

Capacity Rate: per kilowatt per month of Billing Demand at the Project switchyard.

Period	Demand Rate $/kW-month
9/1/2007 through 4/30/2008	2.65
5/1/2008 through 4/30/2009	2.96

Base Energy Rate: 4.92 mills per kilowatt-hour

The Base Energy Rate set forth herein shall be subject to a monthly adjustment in accordance with a flow adjustment computation (FAC) as described in Appendix B.

MINIMUM MONTHLY CHARGE:

The product of the Capacity Rate and the Billing Demand.

POWER FACTOR:

Not less than 95% lagging or leading, except as otherwise specified in the Agreement.

DEFINITIONS:

Billing Demand: The Billing Demand shall be the Nation's Contract Demand.

Billing Energy: Energy provided by Authority under this service tariff.

Billing Period: Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

GENERAL PROVISIONS:

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and Service Tariff No. TN– 1 with regard to deliveries to the Nation are as follows:

A Availability of Energy

Unless otherwise agreed upon by the Parties, Authority shall normally provide in any Billing Period firm Energy to the 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 energy provided to the 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 the Nation 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 Nation.

Unless otherwise specified in the Agreement, where the Nation is taking service solely from Authority, the Billing Energy shall be the total number of kilowatt-hours recorded on the Nation's meter (or the meters of entities served by the Nation as indicated in the Agreement) during the Billing Period, adjusted for losses.

Unless otherwise specified in the Agreement, where the 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.

B Adjustment of Rates

To the extent not inconsistent with the attached Agreement, the rates contained in this Service Tariff TN-1 may be revised from time to time on not less than thirty (30) days written notice to the Nation.

C Delivery

For the purpose of this Service Tariff TN-1, Power and/or Energy shall be delivered by Authority at the Project Switchyard to the transmission facilities under the control of the NYISO for delivery to the Nation.

For the purpose of these Service Tariffs, Power and/or Energy shall be deemed to be offered when Authority is able to supply Power and Energy and NYISO transmits it to the Nation or its designated points of interconnection with the Nation's Agent at the Niagara Project Switchyard. 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 Nation. If, despite such offer, there is a failure of delivery by the 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.

D Scheduling Procedures

1. Authority will advise the Nation or the Nation's Agent by the tenth (10^{th}) Business Day of the preceding month of the estimated quantity of Energy expected by Service Tariff to be made available from the Project.

2. Authority may require that such Energy from the Project be scheduled in general accordance with the load shape of the Nation or the Nation's Agent or as otherwise agreed upon by the Nation and Authority.

3. The 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 the 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.

E Payment by the Nation for Power and/or Energy

1 The Nation shall pay for Power and/or Energy during any Billing Period the sum of a) and b) below:

   a. For Firm Hydroelectric Power and Energy the capacity rate per kilowatt specified in this Service Tariff or any modification thereof applied to the Nation's Billing 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 Billing Energy delivered by Authority to the Nation during such Billing Period.

2. Bills computed under Service Tariff TN-1 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, the Nation shall pay such bill and adjustments, if necessary, will be made thereafter.

F Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

G Alternate Arrangements

Notwithstanding general provisions, C, D and E above, Authority and the Nation (and the Nation's Agent, if appropriate) may make alternate arrangements regarding Delivery, Scheduling Procedures and Payment for Power and/or Energy, in order to effectuate the terms of Appendix A hereto.