

Notice of Recovery

November 3, 2008

The NYISO has recovered \$256,362.10, as further described below, relating to the bad debt loss from the Enron bankruptcy which was declared on February 28, 2003. The recovered amount will be credited to customer invoices for the service month of October 2008, to be issued in November 2008, according to customers' load ratio shares for February 2003 - the same allocation that customers were charged for the original bad debt loss.

Enron

On February 28, 2003, the NYISO declared bad debt losses in the amount of \$10,274,034.00 and \$907,842.00 for Enron Power Marketing, Inc. ("EPMI") and Enron Energy Services, Inc. ("EES") respectively, for a total Enron-related bad debt loss of \$11,181,876.00. These bad debt losses were collected according to customers' load ratio shares for February 2003.

As a result of distributions under the Chapter 11 bankruptcy proceeding for EPMI, the NYISO has previously received and refunded to customers a total of \$8,909,387.90. These previous refunds were included on the March 2006, May 2006, November 2006, May 2007, August 2007, November 2007, April 2008, and June 2008 consolidated invoices. All amounts NYISO recovers for bad debt losses are refunded to customers using the same allocation that customers were charged for the original bad debt loss.

As a result of additional distributions under EPMI's Chapter 11 bankruptcy proceeding, NYISO has received \$256,362.10 and may receive additional amounts which are currently unknown. The \$256,362.10 will be included on the October 2008 invoice to be issued in November 2008.

Recoveries to date on the EPMI bad debt loss total \$9,165,750.00. Additionally, the entire bad debt loss of \$907,842.00 for EES has previously been recovered and refunded to customers. Therefore, NYISO has recovered \$10,073,592.00 of the total Enron-related bad debt loss, which represents approximately 90% of the original bad debt losses.

Mary K. McGarvey,
Vice President and Chief Financial Officer