

Notice of Bad Debt Losses / Recoveries (Revised)

February 28, 2006

The NYISO has incurred bad debt losses totaling \$282,959.57, as further described below. This amount will be recovered from Market Participants pursuant to the formula in Attachment U of the NYISO's Open Access Transmission Tariff as a Rate Schedule 1 charge to be included in customer invoices for March 2006 to be issued in April 2006. The NYISO also has recovered \$2,760,613.07, as further described below, for certain bad debt losses previously declared on February 28, 2003 primarily related to the Enron bankruptcy. The recovered amounts will be credited to customer invoices for March 2006 to be issued in April 2006, according to customers' load ratio shares for February 2003.

I. Bad Debt Losses

1st Rochdale

As a result of an unpaid final bill closeout invoice issued to 1st Rochdale Cooperative Group, Ltd. ("1st Rochdale") for May 2000, August 2000 and July 2001 through October 2001, the NYISO has incurred a bad debt loss in the amount of \$164,206.78. The NYISO has drawn down all of 1st Rochdale's collateral to offset previous unpaid balances.

Solaro

As a result of unpaid invoices issued to Solaro Energy Marketing Corp. ("Solaro") for the months of June through August 2005, the NYISO has incurred a bad debt loss in the amount of \$84,914.58. The NYISO is evaluating legal strategies to collect unpaid amounts from Solaro.

Metromedia

As a result of unpaid final bill closeout invoices issued to Metromedia Energy, Inc. ("Metromedia") for December 1999 through May 2000, the NYISO has incurred a bad debt loss of \$32,196.89. This reflects amounts billed to Metromedia following the execution of a settlement agreement between Metromedia and the NYISO.

Duke Energy

As a result of unpaid final bill closeout invoices issued to Duke Energy Trading and Marketing, LLC ("Duke") for March and April 2000, the NYISO has incurred a bad debt loss in the amount of \$890.37. The NYISO is reviewing the cost effectiveness of pursuing further collection efforts against Duke.

Note: In April 2006, Duke Energy remitted payment in full for the bad debt loss declared above which had been charged to Market Participants on the March 2006 consolidated invoice. As a result of Duke Energy's payment, the associated bad debt loss charges

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were reversed and funds returned the appropriate Market Participants who paid them on the April 2006 consolidated invoice issued on May 5, 2006.

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Statoil

As a result of unpaid final bill closeout invoices issued to Statoil Energy Trading Inc. (“Statoil”) for February 2000, the NYISO has incurred a bad debt loss in the amount of \$750.95. The NYISO is reviewing the cost effectiveness of pursuing further collection efforts against Statoil.

II. Recoveries

Enron

As a result of distributions under the Chapter 11 bankruptcy proceeding for Enron Power Marketing, Inc. (“EPMI”), the NYISO has received \$1,851,763.78 and is scheduled to receive additional amounts that at this time are unknown. The bad debt loss declared for EPMI on February 28, 2003 was in the amount of \$10,274,034.00. That bad debt loss was collected according to customers’ load ratio shares for February 2003. The above recovered amount, and any future recovered amounts NYISO receives under the EPMI bankruptcy proceeding, will be refunded to customers using the same allocation that customers were charged for the original bad debt loss. The above recovered amount will appear in the March invoice to be issued in April 2006.

Also as a result of distributions under the Chapter 11 bankruptcy proceeding for Enron Energy Services, Inc. (“EES”) the NYISO has received \$907,842.00, the full amount of the bad debt loss declared for EES on February 28, 2003. That bad debt loss was collected according to customers’ load ratio shares for February 2003. The above recovered amount will be refunded to customers using the same allocation that customers were charged for the original bad debt loss, also in the March invoice to be issued in April 2006.

Federal Gas & Electric

As a result of a final bill closeout issued to Federal Electric & Gas Corp. (“Federal”), the NYISO has recovered \$1,007.29 to be refunded against the \$185,515.00 bad debt loss previously declared on February 28, 2003. The above recovered amount will be refunded to customers using the same allocation that customers were charged for the original bad debt loss, also in the March invoice to be issued in April 2006.

Charles N. Garber
Vice President and Chief Financial Officer