

ORIGINAL



FILED
OFFICE OF THE
SECRETARY
1200 Washington Avenue Extension, Albany, New York 12203

July 2, 2004

2004 JUL -6 A 9 32

BY HAND

FEDERAL ENERGY
REGULATORY COMMISSION

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Compliance Filing of New York Independent System Operation, Inc.
in Docket Nos. ER03-552-006 et al. and ER03-984-004 et al.

009

007

Dear Ms. Salas:

In its June 2, 2004, order ("June 2 Order") in the above-captioned proceedings,¹ the Commission conditionally accepted revisions of the New York Independent System Operator, Inc.'s ("NYISO's") Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff") proposed in the NYISO's January 7, 2004, *Compliance Filing of New York Independent System Operator, Inc. in Docket No. ER03-984-004* ("January 7 Filing"). The Commission accepted these tariff revisions subject to the NYISO making a compliance filing to make further modifications within 30 days. The NYISO hereby tenders this filing in compliance with the June 2 Order.

I. Documents Submitted

1. This letter;
2. Clean revised sheets from Attachment W of the OATT incorporating the NYISO's proposed compliance revisions ("Attachment I");
3. Redlined revised sheets from Attachment W the OATT identifying the NYISO's proposed compliance revisions ("Attachment II");
4. Clean revised sheets from Attachment K of the Services Tariff incorporating the NYISO's proposed compliance revisions ("Attachment III");
5. Redlined revised sheets from Attachment K of the Services Tariff identifying the NYISO's proposed compliance revisions ("Attachment IV");

¹ *New York Independent System Operator, Inc.*, 107 FERC ¶ 51,243 (2004).

NYISO-Main Facility
3890 Carman Road
Schenectady, NY 12303

NYISO-Wolf Road
187 Wolf Road
Albany, NY 12203

NYISO-Annex
5172 Western Turnpike
Altamont, NY 12009

Disk/OSEC

The Honorable Magalie R. Salas
July 2, 2004
Page 2

6. A form of *Federal Register* notice ("Attachment V").

II. Copies of Correspondence

Communications regarding this proceeding should be addressed to:

Robert E. Fernandez, General Counsel and Secretary
Andrew S. Antinori, Senior Attorney
Belinda Thornton, Director of Regulatory Affairs
New York Independent System Operator, Inc.
290 Washington Avenue Ext.
Albany, NY 12203
Tel: (518) 356-7677
Fax: (518) 356-7524
rfernandez@nyiso.com
aantinori@nyiso.com
bthornton@nyiso.com

III. Service List

Copies of this filing are being served on all parties designated on the official service list maintained by the Secretary of the Commission in these proceedings. The NYISO is also serving a copy of this filing to all parties that have executed Service Agreements under the NYISO's OATT or Services Tariff, the New York State Public Service Commission and to the electric utility regulatory agencies in New Jersey and Pennsylvania.

IV. Description of Proposed Tariff Changes

The NYISO proposes to make the following changes to its OATT and Services Tariff in compliance with the Commission's June 2 Order:

1. Operating Requirement for Prepaying Customers. In the June 2 Order, the Commission conditionally accepted a collateral requirement for prepaying customers based on ten days of purchases of energy and ancillary services, requiring the NYISO to provide further support for the requirement and/or to submit revised tariff sheets.² The Commission indicated that this collateral requirement should account for only the amount by which the NYISO has historically underestimated prepayment amounts.³ As the NYISO stated in its response to the Commission's data request dated February 2, 2004, the NYISO has not significantly underestimated prepayment amounts in the past. As such, collateral in this amount would not be

² June 2 Order, P. 17.

³ June 2 Order, P. 18.

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Page 3

sufficient to warrant the additional administrative effort required to calculate and collect it. Accordingly, the NYISO proposes to revise Sheet 724 of the OATT and Sheet 496 of the Services Tariff to omit the requirement that a prepaying customer provide ten days of collateral (*i.e.* the NYISO will not require collateral to account for potential underestimation of customer prepayments.)

2. **True-up Component for Prepaying Customers.** In the June 2 Order, the Commission conditionally accepted a provision that would allow the NYISO to obtain collateral from prepaying customers to address their true-up obligations, but stated that this requirement must be reduced by the amount of the customer's prepayments and any collateral collected to address potential underestimation of prepayments.⁴ As stated above, the NYISO is not requesting authority to collect any collateral to address underestimated prepayments. Accordingly, the NYISO is submitting an amended formula to determine a prepaying customer's collateral requirement for energy and ancillary services that reduces the collateral required to account for true-up obligations by the amount of the customer's average prepayment.

3. **Formatting Corrections.** In its January 7 Filing, the NYISO proposed a *pro forma* prepayment agreement to be included in its OATT and Services Tariff. In the version of the prepayment agreement proposed for the Services Tariff, the NYISO incorrectly labeled Sheets 507A, 507B, 507C, and 507D as being from "Original Volume 1." These tariff sheets should be labeled "Original Volume 2," and the NYISO proposes to correct this formatting error.

The changes discussed above are reflected in the clean and redlined versions of the OATT and Services Tariff, as identified in Attachments I, II, III, and IV of this letter.

V. Proposed Effective Date

The NYISO proposes that its compliance revisions become effective on December 21, 2003, the effective date established in the June 2 Order.

VI. Federal Register Notice

A form of *Federal Register* notice is provided as Attachment V hereto.

⁴ June Order, P. 21.

The Honorable Magalie R. Salas
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Page 4

VII. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this compliance filing.

Respectfully submitted,

**NEW YORK INDEPENDENT
SYSTEM OPERATOR, INC.**

By Andrew S. Antinori *kat*
Andrew S. Antinori
Senior Attorney

- cc: Daniel L. Larcamp, Director Office of Markets, Tariffs and Rates, Room 8A-01,
Tel. (202) 502-6700**
**Alice M. Fernandez, Director Office of Markets, Tariffs and Rates -- East
Division, Room 71-31, Tel. (202) 502-8284**
**Robert E. Pease, Deputy Director of Investigations & Enforcement, Office of Market
Oversight & Investigations, Room 5A-03, Tel. (202) 502-8131**
**Michael A. Bardee, Lead Counsel for Markets, Tariffs and Rates, Room 101-09,
Tel. (202) 502-8068**

ATTACHMENT I

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment W

Substitute Second Revised Sheet No. 724
Superseding First Revised Sheet No. 724

(b) For Transmission Customers with a prepayment agreement, the result of a reasonable estimate of the net amount that the Transmission Customer owes the ISO as a result of true-ups to prior invoices minus the amount of a customer's average weekly prepayment, as may be adjusted by the NYISO from time to time.

(c) For new Transmission Customers, the ISO shall determine a substitute for the Basis Amount for Energy and Ancillary Services for use in the appropriate formula above equal to: $EPL \times 720 \times (AEP \times 1.1)$ where: EPL = estimated peak Load for the Capability Period

AEP = average Energy price during the Prior Equivalent Capability Period

(ii) **UCAP Component.** The UCAP Component shall be equal to the total of all amounts then-owed (billed and unbilled) for UCAP purchased in the ISO-administered markets.

(iii) **TCC Component.** The TCC Component shall be equal to the greater of either:

Issued by: William J. Museler, President
Issued on: July 2, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-006, 007 and 008 and ER03-984-004, 005 and 006, issued June 2, 2004, 107 FERC ¶ 51,243 (2004).

ATTACHMENT II

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment W

~~Substitute~~ Second Revised Sheet No. 724
Superseding First Revised Sheet No. 724

(b) For Transmission Customers with a prepayment agreement, the result of a reasonable estimate of the net amount that the Transmission Customer owes the ISO as a result of true-ups to prior invoices ~~minus the amount of a customer's average weekly prepayment, as may be adjusted by the NYISO from time to time, and the greater of either:~~

~~$$\frac{\text{Basis Amount for Energy and Ancillary Services} \times 10}{\text{Days in Basis Month}}$$~~

~~—or—~~

~~$$\frac{\text{Total Charges Incurred for Energy and Ancillary Services for the Previous Ten (10) Days} \times 10}{\text{Days in Basis Month}}$$~~

(c) For new Transmission Customers, the ISO shall determine a substitute for the Basis Amount for Energy and Ancillary Services for use in the appropriate formula above equal to: $EPL \times 720 \times (AEP \times 1.1)$ where: EPL = estimated peak Load for the Capability Period

AEP = average Energy price during the Prior Equivalent Capability Period

(ii) **UCAP Component.** The UCAP Component shall be equal to the total of all amounts then-owed (billed and unbilled) for UCAP purchased in the ISO-administered markets.

(iii) **TCC Component.** The TCC Component shall be equal to the

greater of either:

Issued by: William J. Mueller, President

Effective: December 21, 2003

Issued on: ~~January~~ July 7, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-0046, 007 and 0058 and ER03-984-0034, 005 and 0036, issued ~~December~~ June 23, 2003, 1057 FERC ¶ 651,32403 (20034).

ATTACHMENT III

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment K

Substitute Second Revised Sheet No. 496
Superseding First Revised Sheet No. 496

(b) For Transmission Customers with a prepayment agreement, the result of a reasonable estimate of the net amount that the Transmission Customer owes the ISO as a result of true-ups to prior invoices minus the amount of a customer's average weekly prepayment, as may be adjusted by the NYISO from time to time.

(c) For new Customers, the ISO shall determine a substitute for the Basis Amount for Energy and Ancillary Services for use in the appropriate formula above equal to: $EPL \times 720 \times (AEP \times 1.1)$

where: EPL = estimated peak Load for the Capability Period

AEP = average Energy price during the Prior Equivalent Capability Period

(ii) **UCAP Component.** The UCAP Component shall be equal to the total of all amounts then-owed (billed and unbilled) for UCAP purchased in the ISO-administered markets.

(iii) **TCC Component.** The TCC Component shall be equal to the greater of either:

Issued by: William J. Museler, President
Issued on: July 2, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-006, 007 and 008 and ER03-984-004, 005 and 006, issued June 2, 2004, 107 FERC ¶ 51,243 (2004).

New York Independent System Operator, Inc.
 FERC Electric Tariff
 Original Volume No. 2
 Attachment K

Substitute Original Sheet No. 507A

Appendix K-1

FORM OF CUSTOMER PREPAYMENT AGREEMENT

THIS PREPAYMENT AGREEMENT, effective as of [date] ("Prepayment Agreement") is entered into by and between the New York Independent System Operator, Inc. ("NYISO") and [full legal name of customer] ("Customer"). Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to those terms in the Open Access Transmission Tariff ("OATT") or the Market Administration and Control Area Services Tariff ("Services Tariff"), as context requires.

1. **Prepayment to Reduce Operating Requirement.** Customer agrees to make a payment each week for purchases of Energy and Ancillary Services ("Prepayment") in order to reduce the Energy and Ancillary Services Component of its Operating Requirement pursuant to Section III.B.(i) of Attachment W of the OATT and Section III.B.(i) of Attachment K of the Services Tariff.
2. **Prepayment Amount.** The amount of each Prepayment ("Prepayment Amount") shall be the NYISO's reasonable estimate, based on the charges incurred by Customer during the previous week, of the charges that Customer will incur during the next calendar week for purchases of Energy and Ancillary Services in the NYISO-administered markets. The initial Prepayment Amount is \$[amount]. NYISO shall inform Customer of any change in the Prepayment Amount not later than 11:00 A.M. EST on the last business day prior to the day on which the next Prepayment is due. Amounts owed to Customer by NYISO in regular monthly settlements shall not reduce or offset the Prepayment Amount.
3. **Manner of Payment.** Customer shall make each Prepayment not later than 4:00 P.M. EST on the last business day of the week by wire transfer to the account designated by NYISO.
4. **Supplemental Payment.** In the event that NYISO determines that a Prepayment is less than the charges incurred or estimated to be incurred by Customer for purchases of Energy and Ancillary Services in the week for which the Prepayment is made, Customer shall make a supplemental payment upon written demand by NYISO. NYISO shall specify in its demand the amount of the supplemental payment and the time for such payment to be made; *provided, however*, that the payment shall not be due sooner than 4:00 P.M. EST on the next business day.

Issued by: William J. Muscier, President
 Issued on: July 2, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-006, 007 and 008 and ER03-984-004, 005 and 006, issued June 2, 2004, 107 FERC ¶ 51,243 (2004).

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment K

Substitute Original Sheet No. 507B

5. **Overpayment.** In the event that NYISO determines that a Prepayment exceeds the charges incurred or estimated to be incurred by Customer for purchases of Energy and Ancillary Services in the week for which the Prepayment is made, NYISO shall credit the difference toward Customer's next Prepayment and shall notify Customer of the revised Prepayment Amount.

6. **Termination.** Customer may terminate this Prepayment Agreement upon ten (10) days written notice to NYISO. NYISO may terminate this Prepayment Agreement immediately upon written notice to the Customer in the event that Customer fails to perform in strict accordance with the terms hereof. In addition, this Prepayment Agreement shall terminate upon any amendment of the OATT or the Services Tariff that eliminates the prepayment mechanism thereunder or requires material modification of this Prepayment Agreement.

7. **Regular Monthly Settlements.** Nothing in this Prepayment Agreement shall alter the obligation of Customer or NYISO to pay amounts owed in accordance with the NYISO's regular monthly settlement process pursuant to the terms of the OATT and the Services Tariff, which amounts shall be net of payments made pursuant to this Prepayment Agreement.

8. **Interest.** Customer shall not earn interest on its Prepayments. NYISO shall apply any interest actually earned on Prepayments to offset NYISO costs otherwise recovered through Schedule 1 of the OATT and Rate Schedule 1 of the Services Tariff.

9. **Communications.** All communications pursuant to this Prepayment Agreement shall be in writing, deemed effective when received, and delivered by hand with receipt of delivery, registered mail, or facsimile with confirmation of receipt to the following addresses:

NYISO:
Attn: Credit Manager
New York Independent System Operator, Inc.
290 Washington Avenue Extension
Albany, New York 12203
Fax: (518) 356-7582

Customer:
Attn: _____

Fax: _____

Issued by: William J. Museler, President
Issued on: July 2, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-006, 007 and 008 and ER03-984-004, 005 and 006, issued June 2, 2004, 107 FERC ¶ 51,243 (2004).

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment K

Substitute Original Sheet No. 507C

NYISO or Customer may change the address provided for receipt of communications pursuant to this Prepayment Agreement by providing written notice to the other party.

10. **Expenses.** Customer shall pay all reasonable costs incurred by NYISO to enforce this Prepayment Agreement, including attorney fees and expenses.

11. **Amendment and Waiver.** The terms and provisions of this Prepayment Agreement may not be amended or waived except in writing and signed by NYISO and Customer.

12. **Entire Agreement.** This Prepayment Agreement embodies the entire agreement between NYISO and Customer with respect to the matters set forth herein, and supersedes all prior such agreements.

13. **Severability.** Should any provision of this Prepayment Agreement be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

14. **Choice of Law; Jurisdiction; Venue; and Service of Process.** This Prepayment Agreement shall be governed by the laws of the State of New York without regard to conflict of laws principles. Customer irrevocably submits to the jurisdiction of any New York court or any United States court sitting in New York over any action or proceeding arising out of or relating to this Prepayment Agreement and irrevocably agrees that all claims in such action or proceeding may be heard and determined by such court. Customer agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Customer waives any objection to venue on the basis of forum non conveniens. Customer irrevocably consents to the service of process in any action or proceeding by the mailing of copies of such process to Customer at its address set forth herein. Customer agrees that any action or proceeding brought against NYISO shall be brought only in a New York court or a United States court sitting in New York. Nothing herein shall affect the right of NYISO to bring any action or proceeding against the Customer or its property in the courts of any other jurisdictions.

15. **Waiver of Jury Trial.** CUSTOMER IRREVOCABLY, VOLUNTARILY, AND WITH ADVICE OF COUNSEL WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION ARISING IN CONNECTION WITH THIS PREPAYMENT AGREEMENT.

Issued by: William J. Museler, President
Issued on: July 2, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-006, 007 and 008 and ER03-984-004, 005 and 006, issued June 2, 2004, 107 FERC ¶ 51,243 (2004).

**New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment K**

Substitute Original Sheet No. 507D

IN WITNESS WHEREOF, NYISO and Customer have caused this Prepayment Agreement to be executed by their respective authorized officials.

New York Independent System Operator, Inc.

**By:
Name:
Title:**

[Customer]

**By:
Name:
Title:**

**Issued by: William J. Museler, President
Issued on: July 2, 2004**

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-006, 007 and 008 and ER03-984-004, 005 and 006, issued June 2, 2004, 107 FERC ¶ 51,243 (2004).

ATTACHMENT IV

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment K

~~Substitute~~ Second Revised Sheet No. 496
Superseding First Revised Sheet No. 496

(b) For Transmission Customers with a prepayment agreement, the result of a reasonable estimate of the net amount that the Transmission Customer owes the ISO as a result of true-ups to prior invoices ~~minus the amount of a customer's average weekly prepayment, as may be adjusted by the NYISO from time to time, and the greater of either:~~

~~$$\frac{\text{Basis Amount for Energy and Ancillary Services} \times 10}{\text{Days in Basis Month}}$$~~

~~or~~

~~$$\frac{\text{Total Charges Incurred for Energy and Ancillary Services for the Previous Ten (10) Days} \times 10}{\text{Days in Basis Month}}$$~~

(c) For new Customers, the ISO shall determine a substitute for the Basis Amount for Energy and Ancillary Services for use in the appropriate formula above equal to: $EPL \times 720 \times (AEP \times 1.1)$ where: EPL = estimated peak Load for the Capability Period
AEP = average Energy price during the Prior Equivalent Capability Period

(ii) **UCAP Component.** The UCAP Component shall be equal to the total of all amounts then-owed (billed and unbilled) for UCAP purchased in the ISO-administered markets.

(iii) **TCC Component.** The TCC Component shall be equal to the greater of either:

Issued by: William J. Museler, President
Issued on: ~~January~~ July 7, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-0046, 007 and 0058 and ER03-984-0024, 005 and 0036, issued ~~December~~ June 23, 2004, 1057 FERC ¶ 651,32403 (20034).

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 42
Attachment K

Substitute Original Sheet No. 507A

Appendix K-1

FORM OF CUSTOMER PREPAYMENT AGREEMENT

THIS PREPAYMENT AGREEMENT, effective as of [date] ("Prepayment Agreement") is entered into by and between the New York Independent System Operator, Inc. ("NYISO") and [full legal name of customer] ("Customer"). Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to those terms in the Open Access Transmission Tariff ("OATT") or the Market Administration and Control Area Services Tariff ("Services Tariff"), as context requires.

1. Prepayment to Reduce Operating Requirement. Customer agrees to make a payment each week for purchases of Energy and Ancillary Services ("Prepayment") in order to reduce the Energy and Ancillary Services Component of its Operating Requirement pursuant to Section III.B.(i) of Attachment W of the OATT and Section III.B.(i) of Attachment K of the Services Tariff.

2. Prepayment Amount. The amount of each Prepayment ("Prepayment Amount") shall be the NYISO's reasonable estimate, based on the charges incurred by Customer during the previous week, of the charges that Customer will incur during the next calendar week for purchases of Energy and Ancillary Services in the NYISO-administered markets. The initial Prepayment Amount is \$[amount]. NYISO shall inform Customer of any change in the Prepayment Amount not later than 11:00 A.M. EST on the last business day prior to the day on which the next Prepayment is due. Amounts owed to Customer by NYISO in regular monthly settlements shall not reduce or offset the Prepayment Amount.

3. Manner of Payment. Customer shall make each Prepayment not later than 4:00 P.M. EST on the last business day of the week by wire transfer to the account designated by NYISO.

4. Supplemental Payment. In the event that NYISO determines that a Prepayment is less than the charges incurred or estimated to be incurred by Customer for purchases of Energy and Ancillary Services in the week for which the Prepayment is made, Customer shall make a supplemental payment upon written demand by NYISO. NYISO shall specify in its demand the amount of the supplemental payment and the time for such payment to be made; *provided, however,* that the payment shall not be due sooner than 4:00 P.M. EST on the next business day.

Issued by: William J. Museler, President

Effective: December 21, 2003

Issued on: ~~January~~ July 31, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-0046, 007 and 0058 and E[651,3240] (20034).R03-984-0034, 005 and 0036, issued ~~December~~ June 23, 20034, 1057 FERC

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 42
Attachment K

Substitute Original Sheet No. 507B

5. **Overpayment.** In the event that NYISO determines that a Prepayment exceeds the charges incurred or estimated to be incurred by Customer for purchases of Energy and Ancillary Services in the week for which the Prepayment is made, NYISO shall credit the difference toward Customer's next Prepayment and shall notify Customer of the revised Prepayment Amount.

6. **Termination.** Customer may terminate this Prepayment Agreement upon ten (10) days written notice to NYISO. NYISO may terminate this Prepayment Agreement immediately upon written notice to the Customer in the event that Customer fails to perform in strict accordance with the terms hereof. In addition, this Prepayment Agreement shall terminate upon any amendment of the OATT or the Services Tariff that eliminates the prepayment mechanism thereunder or requires material modification of this Prepayment Agreement.

7. **Regular Monthly Settlements.** Nothing in this Prepayment Agreement shall alter the obligation of Customer or NYISO to pay amounts owed in accordance with the NYISO's regular monthly settlement process pursuant to the terms of the OATT and the Services Tariff, which amounts shall be net of payments made pursuant to this Prepayment Agreement.

8. **Interest.** Customer shall not earn interest on its Prepayments. NYISO shall apply any interest actually earned on Prepayments to offset NYISO costs otherwise recovered through Schedule 1 of the OATT and Rate Schedule 1 of the Services Tariff.

9. **Communications.** All communications pursuant to this Prepayment Agreement shall be in writing, deemed effective when received, and delivered by hand with receipt of delivery, registered mail, or facsimile with confirmation of receipt to the following addresses:

NYISO:
Attn: Credit Manager
New York Independent System Operator, Inc.
290 Washington Avenue Extension
Albany, New York 12203
Fax: (518) 356-7582

Customer:
Attn: _____

Fax: _____

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 42
Attachment K

Substitute Original Sheet No. 507C

NYISO or Customer may change the address provided for receipt of communications pursuant to this Prepayment Agreement by providing written notice to the other party.

10. **Expenses.** Customer shall pay all reasonable costs incurred by NYISO to enforce this Prepayment Agreement, including attorney fees and expenses.

11. **Amendment and Waiver.** The terms and provisions of this Prepayment Agreement may not be amended or waived except in writing and signed by NYISO and Customer.

12. **Entire Agreement.** This Prepayment Agreement embodies the entire agreement between NYISO and Customer with respect to the matters set forth herein, and supersedes all prior such agreements.

13. **Severability.** Should any provision of this Prepayment Agreement be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

14. **Choice of Law; Jurisdiction; Venue; and Service of Process.** This Prepayment Agreement shall be governed by the laws of the State of New York without regard to conflict of laws principles. Customer irrevocably submits to the jurisdiction of any New York court or any United States court sitting in New York over any action or proceeding arising out of or relating to this Prepayment Agreement and irrevocably agrees that all claims in such action or proceeding may be heard and determined by such court. Customer agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Customer waives any objection to venue on the basis of forum non conveniens. Customer irrevocably consents to the service of process in any action or proceeding by the mailing of copies of such process to Customer at its address set forth herein. Customer agrees that any action or proceeding brought against NYISO shall be brought only in a New York court or a United States court sitting in New York. Nothing herein shall affect the right of NYISO to bring any action or proceeding against the Customer or its property in the courts of any other jurisdictions.

15. **Waiver of Jury Trial.** CUSTOMER IRREVOCABLY, VOLUNTARILY, AND WITH ADVICE OF COUNSEL WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION ARISING IN CONNECTION WITH THIS PREPAYMENT AGREEMENT.

Issued by: William J. Muscler, President
Issued on: ~~January~~ July 22, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-0046, 007 and 0058 and ER03-984-0024, 005 and 0036, issued ~~December~~ June 23, 2003, 1067 FERC ¶ 651,32403 (2003).

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. ~~4~~₂
Attachment K

Substitute Original Sheet No. 507D

IN WITNESS WHEREOF, NYISO and Customer have caused this Prepayment Agreement to be executed by their respective authorized officials.

New York Independent System Operator, Inc.

By:
Name:
Title:

[Customer]

By:
Name:
Title:

Issued by: William J. Museler, President
Issued on: ~~January~~July 31, 2004

Effective: December 21, 2003

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER03-552-0046, 007 and 0058 and ER03-984-0024, 005 and 0026, issued ~~December~~June 23, 20034, 1057 FERC ¶ 651,32403 (20034).

ATTACHMENT V

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.

**Docket Nos. ER03-552-006 *et al.*
ER03-984-004 *et al.***

NOTICE OF FILING

Take notice that on July 2, 2004, the New York Independent System Operator, Inc. ("NYISO") tendered for filing a compliance filing in connection with the Commission's June 2, 2004, order in the above-referenced dockets.

The NYISO has served a copy of this filing to all parties listed on the official service list maintained by the Secretary of the Commission in these proceedings. The NYISO has also served a copy of this filing to all parties that have executed Service Agreements under the NYISO's Open-Access Transmission Tariff or Services Tariff, the New York State Public Service Commission and to the electric utility regulatory agencies in New Jersey and Pennsylvania.

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 224 of the Commission's Rules of Practice and Procedure (18 CFR §§ 385.211 and 385.214). Protests will be considered by the Commission to determine the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's website at www.ferc.gov, using the FERRIS link. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, call (202) 502-8222 or TTY, (202) 208-1659. Protests and interventions may be filed electronically via the Internet in lieu of paper. See, 18 CFR 385.2001(a)(I)(iii) and the instructions on the Commission's website under the "e-filing" link. The Commission strongly encourages electronic filings.

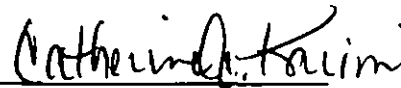
Comment Date:

**Magalie R. Salas
Secretary**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties listed on the official service list maintained by the Secretary of the Commission in docket numbers ER03-552-006 *et al.* and ER03-984-004 *et al.* in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R. § 385.2010 (2003).

Dated at Washington, D.C. this 2nd day of July, 2004.



Catherine A. Karimi
Sr. Professional Assistant
Hunton & Williams
1900 K Street, N.W.
Washington, D.C. 20006-1109