

September 20, 2000

**BYHAND**

The Honorable David P. Boergers, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

New York Independent System Operator, Inc.  
Revisions to Schedule 1 of Open Access Transmission Tariff

Dear Mr. Boergers:

Pursuant to Section 205 of the Federal Power Act and 18 C.F.R. § 35.13(a)(2)(iii), the New York Independent System Operator, Inc. ("NYISO"), by counsel, hereby files a revision to Schedule 1 to the NYISO Open Access Transmission Tariff ("OATT").

List of Documents Submitted

The NYISO submits the following documents:

1. this filing letter;
2. a revised Schedule 1 to the OATT (Attachment I);
3. a redlined version comparison of the revised Schedule 1 to the currently effective Schedule 1 (Attachment II);
4. a form of *Federal Register* Notice (Attachment III).

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FILE NO: 55430.000003

The Honorable David P. Boergers, Secretary  
September 20, 2000  
Page 2

Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel	Arnold H. Quint
John P. Buechler, Director, Regulatory Affairs	Edwin G. Kichline
New York Independent System Operator, Inc.	Hunton & Williams
3890 Carman Road	1900 K Street, NW
Schenectady, NY 12303	Suite 1200
	Washington, DC 20006

Proposed Effective Date and Request for Waiver

The NYISO proposes to make this filing effective on October 1, 2000, and requests a waiver of the Commission's notice requirements. Waiver of the normal notice requirement is appropriate because, as described below, one of the reasons for the change in Schedule 1 is to address a serious cash flow problem facing the NYISO. That problem should be alleviated as quickly as possible.

Names and Addresses of Persons to Whom  
a Copy of the Rate Schedule Change Has Been Mailed

A copy of the revised Schedule 1 is being mailed to all entities who have signed Service Agreements under the NYISO OATT and to the regulatory agencies in New York, New Jersey, and Pennsylvania.

Brief Description of the Rate Schedule Change and  
Statement of the Reasons for the Rate Schedule Change

The NYISO proposes the changes to Schedule 1 to address two separate issues. First, the method by which the NYISO collects its Schedule 1 charges should be clarified. Schedule 1 encompasses a variety of different costs, including operating costs, start-up costs,<sup>1</sup> the so-called

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<sup>1</sup> The NYISO filed revisions to Schedule 1 on September 18, 2000 to implement a Stipulation and Agreement approved by the Commission, in Docket No. ER99-4235-000, for recovery of start-up costs by the NYISO for payment to the Member Systems. Fourth Revised Sheet No. 145, included in Attachment I, reflects those revisions which, pursuant to the Commission order, were made effective on September 1, 2000.

The Honorable David P. Boergers, Secretary

September 20, 2000

Page 3

Residual Adjustment and Bid Production Guarantees. The changes to Schedule 1 will more accurately describe the methods by which the NYISO recovers such costs. In no instance is the NYISO proposing to recover any costs that it is not already authorized to recover. Second, the variability in the Bid Production Guarantees and Residual Adjustment components of Rate Schedule 1 make it virtually impossible for the NYISO to predict its cash needs from month to month. If at the end of a given month, the NYISO owed the market for either or both of these elements, the cost had to be factored into the next month's Rate Schedule 1 charge to the market participants. While the market was paid in real time for Bid Production Guarantees and Residual Adjustments, the NYISO would not receive its payment of the funds from the market for approximately two months. In addition to having the NYISO fund these payments to the generators through its working capital fund or its credit revolver facility, the problem was compounded by still not knowing what the Bid Production Guarantees and Residual Adjustment charges would be in the following month. By having the load billed for Bid Production Guarantees and Residual Adjustments in real time, the NYISO will be able to charge the load based on estimated costs for the more predictable operating and start-up costs.

#### Requisite Agreement

The changes in Schedule 1 have been approved by the Board of Directors of the NYISO and by the NYISO's Management Committee.

#### No Costs Relating to Discriminatory Employment Practices

The NYISO has no expenses or costs that have been alleged or judged to be illegal, duplicate, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

#### *Federal Register* Notice

A form of *Federal Register* Notice is provided as Attachment III hereto. A diskette of the notice is also provided in WordPerfect format.

Respectfully submitted,

Arnold H. Quint  
Counsel for  
New York Independent System Operator, Inc.

The Honorable David P. Boergers, Secretary

September 20, 2000

Page 4

cc: Signatories to the NYISO OATT

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.            )       Docket No. \_\_\_\_\_

NOTICE OF FILING

Take notice that on September 20, 2000, the New York Independent System Operator, Inc. (“NYISO”) filed revisions to Schedule 1 of its Open Access Transmission Tariff. The NYISO requests an effective date of October 1, 2000 and waiver of the Commission’s notice requirements.

A copy of this filing was served upon all persons who have signed Service Agreements under the NYISO Open Access Transmission Tariff and on the electric utility regulatory agencies in New York, 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, NE, Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests should be filed on or before \_\_\_\_\_. Protests will be considered by the Commission in determining 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. Copies of this application are on file with the Commission and are available for public inspection.

David P. Boergers  
Secretary